



Reprinted
March 31, 1999

ENGROSSED HOUSE BILL No. 1554

DIGEST OF HB 1554 (Updated March 30, 1999 4:37 pm - DI 73)

Citations Affected: IC 4-4; IC 6-1.1; IC 6-3.1; noncode.

Synopsis: Tax abatement; research and development incentives. Expands the definition of what expenditures are covered under the Indiana development finance authority law. Provides that property tax abatement deductions may be granted for any number of years less than or equal to ten years. (Current law limits the abatement deduction to three, six, or ten years for real property and five or ten years for personal property.) Provides that certain research and development equipment is eligible for property tax abatement deductions. Allows the
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Effective: January 1, 1999 (retroactive); upon passage; July 1, 1999.

**Bauer, Bottorff, Hasler, Yount,
Scholer**

(SENATE SPONSORS — BORST, SIMPSON)

January 19, 1999, read first time and referred to Committee on Ways and Means.
February 25, 1999, amended, reported — Do Pass.
March 4, 1999, read second time, amended, ordered engrossed.
March 5, 1999, engrossed.
March 8, 1999, read third time, passed. Yeas 96, nays 1.

SENATE ACTION

March 11, 1999, read first time and referred to Committee on Finance.
March 25, 1999, amended, reported favorably — Do Pass.
March 30, 1999, read second time, amended, ordered engrossed.

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abatement deduction for research and development equipment only if the equipment is used in a research and development facility engaged in activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products. Provides that the research expense credit against gross income taxes, adjusted gross income taxes, and supplemental corporate net income taxes expires on December 31, 2002 (instead of December 31, 1999). Increases the maximum amount of the research expense credit from 5% to 6%.

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March 31, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

ENGROSSED HOUSE BILL No. 1554

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation and finance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-4-10.9-6.2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.2. (a)
3 "Educational facility project" includes:
4 (1) the acquisition of land, site improvements, infrastructure
5 improvements, buildings, or structures, the rehabilitation,
6 renovation, and enlargement of buildings and structures,
7 machinery, equipment, furnishings, or facilities (or any
8 combination of these):
9 (†) (A) comprising or being functionally related and
10 subordinate to any aquaria, botanical societies, historical
11 societies, libraries, museums, performing arts associations or
12 societies, scientific societies, zoological societies, and
13 independent elementary, secondary, or postsecondary schools
14 (or any combination of these) that engages in the cultural,
15 intellectual, scientific, educational, or artistic enrichment of
16 the people of the state the development or expansion of which

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serves the purposes set forth in IC 4-4-11-2;

~~(2)~~ **(B)** is not used or to be used primarily for sectarian instruction or study or as a place for devotional activities; and
~~(3)~~ **(C)** is not used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination; **or**

(2) funding (including reimbursement or refinancing) by a nonprofit organization described in subsection (b) of:

(A) real property and improvements;

(B) personal property; or

(C) noncapital costs to fund a judgment, settlement, or other cost or liability, other than an ordinary and recurring operating cost or expenditure.

(b) For purposes of subsection (a)(2), a nonprofit organization must be:

(1) qualified as tax exempt under Section 501(c)(3) of the Internal Revenue Code; and

(2) have headquarters or a primary educational or exhibit facility located on property owned by or titled in the name of the state of Indiana or an agency, commission, or instrumentality of the state of Indiana that serves the purposes set forth in IC 4-4-11-2.

SECTION 2. IC 4-4-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The legislature makes the following findings of fact:

(1) That there currently exists in certain areas of the state critical conditions of unemployment or environmental pollution, including water pollution, air pollution, sewage and solid waste, radioactive waste, thermal pollution, radiation contamination, and noise pollution, and that these conditions may well exist, from time to time, in other areas of the state.

(2) That in some areas of the state such conditions are chronic and of long standing and that without remedial measures they may become so in other areas of the state.

(3) That economic insecurity due to unemployment or environmental pollution is a menace to the health, safety, morals, and general welfare of not only the people of the affected areas but of the people of the entire state.

(4) That involuntary unemployment and its resulting burden of indigency falls with crushing force upon the unemployed worker and ultimately upon the state in the form of public assistance and unemployment compensation.



(5) That security against unemployment and the resulting spread of indigency and economic stagnation in the areas affected can best be provided by:

(A) the promotion, attraction, stimulation, rehabilitation, and revitalization of industrial development projects, rural development projects, mining operations, and agricultural operations that involve the processing of agricultural products;

(B) the promotion and stimulation of international exports; and

(C) the education, both formal and informal, of people of all ages throughout the state by the promotion, attraction, construction, renovation, rehabilitation, and revitalization of **and assistance to** educational facility projects.

(6) That the present and prospective health, safety, morals, right to gainful employment, and general welfare of the people of the state require as a public purpose the abatement or control of pollution, the promotion of increased educational enrichment (including cultural, intellectual, scientific, or artistic opportunities) for people of all ages through new, expanded, or revitalized educational facility projects **or through assisting educational facility projects**, and the promotion of employment creation or retention through development of new and expanded industrial development projects, rural development projects, mining operations, and agricultural operations that involve the processing of agricultural products.

(7) That there is a need to stimulate a larger flow of private investment funds from commercial banks, investment bankers, insurance companies, other financial institutions, and individuals into such industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products in the state.

(8) That the authority can encourage the making of loans or leases for creation or expansion of industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products, thus putting a larger portion of the private capital available in Indiana for investment to use in the general economic development of the state.

(9) That the issuance of bonds of the authority to create a financing pool for industrial development projects promoting a substantial likelihood of opportunities for:

(A) gainful employment;



- (B) business opportunities;
- (C) educational enrichment (including cultural, intellectual, scientific, or artistic opportunities);
- (D) the abatement, reduction, or prevention of pollution; or
- (E) the removal or treatment of any substances in materials being processed that otherwise would cause pollution when used;

will improve the health, safety, morals, and general welfare of the people of the state and constitutes a public purpose for which the authority shall exist and operate.

(10) That the issuance of bonds of the authority to create a funding source for the making of guaranteed participating loans will promote and encourage an expanding international exports market and international exports sales and will promote the general welfare of all of the people of Indiana by assisting Indiana businesses through stimulation of the expansion of international exports sales for Indiana products and services, especially those of small and medium-sized businesses, by providing financial assistance through the authority.

(b) The Indiana development finance authority shall exist and operate for the public purposes of:

- (1) promoting opportunities for gainful employment and business opportunities by the promotion and development of industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products, in any areas of the state;
- (2) promoting the educational enrichment (including cultural, intellectual, scientific, or artistic opportunities) of all the people of the state by the promotion, ~~and~~ development, **and assistance** of educational facility projects;
- (3) promoting affordable farm credit and agricultural loan financing at interest rates that are consistent with the needs of borrowers for farming and agricultural enterprises; and
- (4) preventing and remediating environmental pollution, including water pollution, air pollution, sewage and solid waste disposal, radioactive waste, thermal pollution, radiation contamination, and noise pollution affecting the health and well being of the people of the state by the promotion and development of industrial development projects.

SECTION 3. IC 4-4-11-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) The



1 authority is granted all powers necessary or appropriate to carry out and
 2 effectuate its public and corporate purposes under this chapter,
 3 IC 4-4-21, and IC 15-7-5, including but not limited to the following:

4 (1) Have perpetual succession as a body politic and corporate and
 5 an independent instrumentality exercising essential public
 6 functions.

7 (2) Without complying with IC 4-22-2, adopt, amend, and repeal
 8 bylaws, rules, and regulations not inconsistent with this chapter,
 9 IC 4-4-21, and IC 15-7-5 and necessary or convenient to regulate
 10 its affairs and to carry into effect the powers, duties, and purposes
 11 of the authority and conduct its business.

12 (3) Sue and be sued in its own name.

13 (4) Have an official seal and alter it at will.

14 (5) Maintain an office or offices at a place or places within the
 15 state as it may designate.

16 (6) Make and execute contracts and all other instruments
 17 necessary or convenient for the performance of its duties and the
 18 exercise of its powers and functions under this chapter, IC 4-4-21,
 19 and IC 15-7-5.

20 (7) Employ architects, engineers, attorneys, inspectors,
 21 accountants, agriculture experts, silviculture experts, aquaculture
 22 experts, and financial experts, and such other advisors,
 23 consultants, and agents as may be necessary in its judgment and
 24 to fix their compensation.

25 (8) Procure insurance against any loss in connection with its
 26 property and other assets, including loans and loan notes in
 27 amounts and from insurers as it may consider advisable.

28 (9) Borrow money, make guaranties, issue bonds, and otherwise
 29 incur indebtedness for any of the authority's purposes, and issue
 30 debentures, notes, or other evidences of indebtedness, whether
 31 secured or unsecured, to any person, as provided by this chapter,
 32 IC 4-4-21, and IC 15-7-5.

33 (10) Procure insurance or guaranties from any public or private
 34 entities, including any department, agency, or instrumentality of
 35 the United States, for payment of any bonds issued by the
 36 authority or for reinsurance on amounts paid from the industrial
 37 development project guaranty fund, including the power to pay
 38 premiums on any insurance or reinsurance.

39 (11) Purchase, receive, take by grant, gift, devise, bequest, or
 40 otherwise, and accept, from any source, aid or contributions of
 41 money, property, labor, or other things of value to be held, used,
 42 and applied to carry out the purposes of this chapter, IC 4-4-21,



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and IC 15-7-5, subject to the conditions upon which the grants or contributions are made, including but not limited to gifts or grants from any department, agency, or instrumentality of the United States, and lease or otherwise acquire, own, hold, improve, employ, use, and otherwise deal in and with real or personal property or any interest in real or personal property, wherever situated, for any purpose consistent with this chapter, IC 4-4-21, or IC 15-7-5.

(12) Enter into agreements with any department, agency, or instrumentality of the United States or this state and with lenders and enter into loan agreements, sales contracts, and leases with contracting parties, including borrowers, lenders, developers, or users, for the purpose of planning, regulating, and providing for the financing and refinancing of any agricultural enterprise (as defined in IC 15-7-4.9-2), rural development project (as defined in IC 15-7-4.9-19.5), industrial development project, or international exports, and distribute data and information concerning the encouragement and improvement of agricultural enterprises and agricultural employment, rural development projects, industrial development projects, international exports, and other types of employment in the state undertaken with the assistance of the authority under this chapter.

(13) Enter into contracts or agreements with lenders and lessors for the servicing and processing of loans and leases pursuant to this chapter, IC 4-4-21, and IC 15-7-5.

(14) Provide technical assistance to local public bodies and to profit and nonprofit entities in the development or operation of agricultural enterprises, rural development projects, and industrial development projects.

(15) To the extent permitted under its contract with the holders of the bonds of the authority, consent to any modification with respect to the rate of interest, time, and payment of any installment of principal or interest, or any other term of any contract, loan, loan note, loan note commitment, contract, lease, or agreement of any kind to which the authority is a party.

(16) To the extent permitted under its contract with the holders of bonds of the authority, enter into contracts with any lender containing provisions enabling it to reduce the rental or carrying charges to persons unable to pay the regular schedule of charges when, by reason of other income or payment by any department, agency, or instrumentality of the United States of America or of this state, the reduction can be made without jeopardizing the



economic stability of the agricultural enterprise, rural development project, or industrial development project being financed.

(17) Invest any funds not needed for immediate disbursement, including any funds held in reserve, in direct and general obligations of or obligations fully and unconditionally guaranteed by the United States, obligations issued by agencies of the United States, obligations of this state, or any obligations or securities which may from time to time be legally purchased by governmental subdivisions of this state pursuant to IC 5-13, or any obligations or securities which are permitted investments for bond proceeds or any construction, debt service, or reserve funds secured under the trust indenture or resolution pursuant to which bonds are issued.

(18) Collect fees and charges, as the authority determines to be reasonable, in connection with its loans, guarantees, advances, insurance, commitments, and servicing.

(19) Cooperate and exchange services, personnel, and information with any federal, state, or local government agency, or instrumentality of the United States or this state.

(20) Sell, at public or private sale, with or without public bidding, any loan or other obligation held by the authority.

(21) Enter into agreements concerning, and acquire, hold, and dispose by any lawful means, land or interests in land, building improvements, structures, personal property, franchises, patents, accounts receivable, loans, assignments, guarantees, and insurance needed for the purposes of this chapter, IC 4-4-21, or IC 15-7-5.

(22) Take assignments of accounts receivable, loans, guarantees, insurance, notes, mortgages, security agreements securing notes, and other forms of security, attach, seize, or take title by foreclosure or conveyance to any industrial development project when a guaranteed loan thereon is clearly in default and when in the opinion of the authority such acquisition is necessary to safeguard the industrial development project guaranty fund, and sell, or on a temporary basis, lease, or rent such industrial development project for any use.

(23) Expend money, as the authority considers appropriate, from the industrial development project guaranty fund created by section 16 of this chapter.

(24) Purchase, lease as lessee, construct, remodel, rebuild, enlarge, or substantially improve industrial development projects,



including land, machinery, equipment, or any combination thereof.

(25) Lease industrial development projects to users or developers, with or without an option to purchase.

(26) Sell industrial development projects to users or developers, for consideration to be paid in installments or otherwise.

(27) Make direct loans from the proceeds of the bonds to users or developers for:

(A) the cost of acquisition, construction, or installation of industrial development projects, including land, machinery, equipment, or any combination thereof; or

(B) eligible expenditures for an educational facility project described in IC 4-4-10.9-6.2(a)(2);

with the loans to be secured by the pledge of one (1) or more bonds, notes, warrants, or other secured or unsecured debt obligations of the users or developers.

(28) Lend or deposit the proceeds of bonds to or with a lender for the purpose of furnishing funds to such lender to be used for making a loan to a developer or user for the financing of industrial development projects under this chapter.

(29) Enter into agreements with users or developers to allow the users or developers, directly or as agents for the authority, to wholly or partially construct industrial development projects to be leased from or to be acquired by the authority.

(30) Establish reserves from the proceeds of the sale of bonds, other funds, or both, in the amount determined to be necessary by the authority to secure the payment of the principal and interest on the bonds.

(31) Adopt rules governing its activities authorized under this chapter, IC 4-4-21, and IC 15-7-5.

(32) Use the proceeds of bonds to make guaranteed participating loans.

(33) Purchase, discount, sell, and negotiate, with or without guaranty, notes and other evidences of indebtedness.

(34) Sell and guarantee securities.

(35) Make guaranteed participating loans under IC 4-4-21-26.

(36) Procure insurance to guarantee, insure, coinsure, and reinsure against political and commercial risk of loss, and any other insurance the authority considers necessary, including insurance to secure the payment of principal and interest on notes or other obligations of the authority.

(37) Provide performance bond guarantees to support eligible



export loan transactions, subject to the terms of this chapter or IC 4-4-21.

(38) Provide financial counseling services to Indiana exporters.

(39) Accept gifts, grants, or loans from, and enter into contracts or other transactions with, any federal or state agency, municipality, private organization, or other source.

(40) Sell, convey, lease, exchange, transfer, or otherwise dispose of property or any interest in property, wherever the property is located.

(41) Cooperate with other public and private organizations to promote export trade activities in Indiana.

(42) Make guarantees and administer the agricultural loan and rural development project guarantee fund established by IC 15-7-5.

(43) Take assignments of notes and mortgages and security agreements securing notes and other forms of security, and attach, seize, or take title by foreclosure or conveyance to any agricultural enterprise or rural development project when a guaranteed loan to the enterprise or rural development project is clearly in default and when in the opinion of the authority the acquisition is necessary to safeguard the agricultural loan and rural development project guarantee fund, and sell, or on a temporary basis, lease or rent the agricultural enterprise or rural development project for any use.

(44) Expend money, as the authority considers appropriate, from the agricultural loan and rural development project guarantee fund created by IC 15-7-5-19.5.

(45) Reimburse from bond proceeds expenditures for industrial development projects under this chapter.

(46) Do any act necessary or convenient to the exercise of the powers granted by this chapter, IC 4-4-21, or IC 15-7-5, or reasonably implied from those statutes, including but not limited to compliance with requirements of federal law imposed from time to time for the issuance of bonds.

(b) The authority's powers under this chapter shall be interpreted broadly to effectuate the purposes of this chapter and may not be construed as a limitation of powers.

(c) This chapter does not authorize the financing of industrial development projects for a developer unless any written agreement that may exist between the developer and the user at the time of the bond resolution is fully disclosed to and approved by the authority.

SECTION 4. IC 4-4-11-17 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) The
 2 authority may enter into negotiations with one (1) or more persons
 3 concerning the terms and conditions of financing agreements for
 4 industrial development projects. The authority shall consider whether
 5 a proposed industrial development project may have an adverse
 6 competitive effect on similar industrial development projects already
 7 constructed or operating in the local governmental unit where the
 8 industrial development project will be located. Preliminary expenses
 9 in connection with negotiations under this section may be paid from:

- 10 (1) money furnished by the proposed user or developer;
- 11 (2) money made available by the state or federal government, or
- 12 by any of their departments or agencies; or
- 13 (3) money of the authority, exclusive of the industrial
- 14 development project guaranty fund.

15 (b) The authority shall prepare a report that:

- 16 (1) briefly describes the proposed industrial development project;
- 17 (2) estimates the number and expense of public works or services
- 18 that would be made necessary or desirable by the proposed
- 19 industrial development project, including public ways, schools,
- 20 water, sewers, street lights, and fire protection;
- 21 (3) estimates the total costs of the proposed industrial
- 22 development project;
- 23 (4) for an industrial development project that is not exclusively
- 24 either a pollution control facility or an educational facility project,
- 25 estimates the number of jobs and the payroll to be created or
- 26 saved by the project;
- 27 (5) for pollution control facilities, describes the facilities and how
- 28 they will abate, reduce, or prevent pollution; and
- 29 (6) for educational facility projects, describes ~~the facilities and~~
- 30 ~~how the facilities promote project promotes~~ the educational
- 31 enrichment (including cultural, intellectual, scientific, or artistic
- 32 opportunities) of the people of the state.

33 The report shall be submitted to the executive director or chairman of
 34 the plan commission, if any, having jurisdiction over the industrial
 35 development project and, if the number of new jobs estimated exceeds
 36 one hundred (100), to the superintendent of the school corporation
 37 where the industrial development project will be located. The executive
 38 director or chairman of the plan commission and the school
 39 superintendent may formulate their written comments concerning the
 40 report and transmit their comments, if any, to the authority within five
 41 (5) days from the receipt of the report.

42 (c) The authority shall hold a public hearing, which may be



1 conducted by the authority, or any officer, member, or agent designated
 2 thereby, on the proposed financing agreement for the industrial
 3 development project, after giving notice by publication in one (1)
 4 newspaper of general circulation in the city, town, or county where the
 5 industrial development project is to be located at least ten (10) days in
 6 advance of this public hearing.

7 (d) If the authority finds that the industrial development project will
 8 be of benefit to the health, safety, morals, and general welfare of the
 9 area where the industrial development project is to be located, and
 10 complies with the purposes and provisions of this chapter, it may by
 11 resolution approve the proposed financing agreement. This resolution
 12 may also authorize the issuance of bonds payable solely from revenues
 13 and receipts derived from the financing agreement or from payments
 14 made under an agreement to guarantee obligations of the developer, a
 15 user, a related person, or the authority by a developer, a user, a related
 16 person thereto, or the authority pursuant to the industrial development
 17 project guaranty fund. The bonds are not in any respect a general
 18 obligation of the state, nor are they payable in any manner from
 19 revenues raised by taxation.

20 (e) A financing agreement approved under this section must provide
 21 for payments in an amount sufficient to pay the principal of, premium,
 22 if any, and interest on the bonds authorized for the financing of the
 23 industrial development project. However, interest payments for the
 24 anticipated construction period, plus a period of not more than one (1)
 25 year, may be funded in the bond issue. The term of a financing
 26 agreement may not exceed fifty (50) years from the date of any bonds
 27 issued under the financing agreement. However, a financing agreement
 28 does not terminate after fifty (50) years if a default under that financing
 29 agreement remains uncured, unless the termination is authorized by the
 30 terms of the financing agreement. If the authority retains an interest in
 31 the industrial development project, the financing agreement must
 32 require the user or the developer to pay all costs of maintenance, repair,
 33 taxes, assessments, insurance premiums, trustee's fees, and any other
 34 expenses relating to the industrial development projects, so that the
 35 authority will not incur any expenses on account of the industrial
 36 development projects other than those that are covered by the payments
 37 provided for in the financing agreement.

38 SECTION 5. IC 6-1.1-12.1-1 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. For purposes of this
 40 chapter:

41 (1) "Economic revitalization area" means an area which is within
 42 the corporate limits of a city, town, or county which has become



undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes:

(A) any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues; and

(B) a residentially distressed area, except as otherwise provided in this chapter.

(2) "City" means any city in this state, and "town" means any town incorporated under IC 36-5-1.

(3) "New manufacturing equipment" means any tangible personal property which:

(A) was installed after February 28, 1983, and before January 1, 2006, in an area that is declared an economic revitalization area after February 28, 1983, in which a deduction for tangible personal property is allowed; ~~or~~

(B) is used in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(C) was acquired by its owner for use as described in clause (B) and was never before used by its owner for any purpose in Indiana.

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products and was installed after March 1, 1993, and before March 2, 1996, even if the property was installed before the area where the property is located was designated as an economic revitalization area or the statement of benefits for the property was approved by the designating body.

(4) "Property" means a building or structure, but does not include land.

(5) "Redevelopment" means the construction of new structures in economic revitalization areas, either:



- 1 (A) on unimproved real estate; or
 2 (B) on real estate upon which a prior existing structure is
 3 demolished to allow for a new construction.
 4 (6) "Rehabilitation" means the remodeling, repair, or betterment
 5 of property in any manner or any enlargement or extension of
 6 property.
 7 (7) "Designating body" means the following:
 8 (A) For a county that does not contain a consolidated city, the
 9 fiscal body of the county, city, or town.
 10 (B) For a county containing a consolidated city, the
 11 metropolitan development commission.
 12 (8) "Deduction application" means either:
 13 (A) the application filed in accordance with section 5 of this
 14 chapter by a property owner who desires to obtain the
 15 deduction provided by section 3 of this chapter; or
 16 (B) the application filed in accordance with section 5.5 of this
 17 chapter by a person who desires to obtain the deduction
 18 provided by section 4.5 of this chapter.
 19 (9) "Designation application" means an application that is filed
 20 with a designating body to assist that body in making a
 21 determination about whether a particular area should be
 22 designated as an economic revitalization area.
 23 (10) "Hazardous waste" has the meaning set forth in
 24 IC 13-11-2-99(a). The term includes waste determined to be a
 25 hazardous waste under IC 13-22-2-3(b).
 26 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).
 27 However, the term does not include dead animals or any animal
 28 solid or semisolid wastes.
 29 **(12) "New research and development equipment" means**
 30 **tangible personal property that:**
 31 **(A) is installed after June 30, 1999, and before January 1,**
 32 **2006, in an economic revitalization area in which a**
 33 **deduction for tangible personal property is allowed;**
 34 **(B) consists of:**
 35 **(i) laboratory equipment;**
 36 **(ii) research and development equipment;**
 37 **(iii) computers and computer software;**
 38 **(iv) telecommunications equipment; or**
 39 **(v) testing equipment;**
 40 **(C) is used in research and development activities devoted**
 41 **directly and exclusively to experimental or laboratory**
 42 **research and development for new products, new uses of**



existing products, or improving or testing existing products; and

(D) is acquired by the property owner for the purposes described in this subdivision and was never before used by the owner for any purpose in Indiana.

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

SECTION 6. IC 6-1.1-12.1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) A designating body may find that a particular area within its jurisdiction is an economic revitalization area. However, the deduction provided by this chapter for economic revitalization areas not within a city or town shall not be available to retail businesses.

(b) In a county containing a consolidated city or within a city or town, a designating body may find that a particular area within its jurisdiction is a residentially distressed area. Designation of an area as a residentially distressed area has the same effect as designating an area as an economic revitalization area, except that the amount of the deduction shall be calculated as specified in section 4.1 of this chapter and the deduction is allowed for **not more than** five (5) years. In order to declare a particular area a residentially distressed area, the designating body must follow the same procedure that is required to designate an area as an economic revitalization area and must make all the following additional findings or all the additional findings described in subsection (c):

(1) The area is comprised of parcels that are either unimproved or contain only one (1) or two (2) family dwellings or multifamily dwellings designed for up to four (4) families, including accessory buildings for those dwellings.

(2) Any dwellings in the area are not permanently occupied and are:

(A) the subject of an order issued under IC 36-7-9; or

(B) evidencing significant building deficiencies.

(3) Parcels of property in the area:

(A) have been sold and not redeemed under IC 6-1.1-24 and IC 6-1.1-25; or

(B) are owned by a unit of local government.

However, in a city in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand



(300,000), the designating body is only required to make one (1) of the additional findings described in this subsection or one (1) of the additional findings described in subsection (c).

(c) In a county containing a consolidated city or within a city or town, a designating body that wishes to designate a particular area a residentially distressed area may make the following additional findings as an alternative to the additional findings described in subsection (b):

(1) A significant number of dwelling units within the area are not permanently occupied or a significant number of parcels in the area are vacant land.

(2) A significant number of dwelling units within the area are:

(A) the subject of an order issued under IC 36-7-9; or

(B) evidencing significant building deficiencies.

(3) The area has experienced a net loss in the number of dwelling units, as documented by census information, local building and demolition permits, or certificates of occupancy, or the area is owned by Indiana or the United States.

(4) The area (plus any areas previously designated under this subsection) will not exceed ten percent (10%) of the total area within the designating body's jurisdiction.

However, in a city in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), the designating body is only required to make one (1) of the additional findings described in this subsection as an alternative to one (1) of the additional findings described in subsection (b).

(d) A designating body is required to attach the following conditions to the grant of a residentially distressed area designation:

(1) The deduction will not be allowed unless the dwelling is rehabilitated to meet local code standards for habitability.

(2) If a designation application is filed, the designating body may require that the redevelopment or rehabilitation be completed within a reasonable period of time.

(e) To make a designation described in subsection (a) or (b), the designating body shall use procedures prescribed in section 2.5 of this chapter.

(f) The property tax deductions provided by sections 3 and 4.5 of this chapter are only available for ~~property and new manufacturing equipment respectively~~, within an area which the designating body finds to be an economic revitalization area.

(g) The designating body may adopt a resolution establishing general standards to be used, along with the requirements set forth in

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the definition of economic revitalization area, by the designating body in finding an area to be an economic revitalization area. The standards must have a reasonable relationship to the development objectives of the area in which the designating body has jurisdiction. The following three (3) sets of standards may be established:

(1) One (1) relative to the deduction under section 3 of this chapter for economic revitalization areas that are not residentially distressed areas.

(2) One (1) relative to the deduction under section 3 of this chapter for residentially distressed areas.

(3) One (1) relative to the deduction allowed under section 4.5 of this chapter.

(h) A designating body may impose a fee for filing a designation application for a person requesting the designation of a particular area as an economic revitalization area. The fee may be sufficient to defray actual processing and administrative costs. However, the fee charged for filing a designation application for a parcel that contains one (1) or more owner-occupied, single-family dwellings may not exceed the cost of publishing the required notice.

(i) In declaring an area an economic revitalization area, the designating body may:

(1) limit the time period to a certain number of calendar years during which the area shall be so designated;

(2) limit the type of deductions that will be allowed within the economic revitalization area to either the deduction allowed under section 3 of this chapter or the deduction allowed under section 4.5 of this chapter;

(3) limit the dollar amount of the deduction that will be allowed with respect to new manufacturing equipment **and new research and development equipment** if a deduction under this chapter had not been filed before July 1, 1987, for that equipment;

(4) limit the dollar amount of the deduction that will be allowed with respect to redevelopment and rehabilitation occurring in areas that are designated as economic revitalization areas on or after September 1, 1988; or

(5) impose reasonable conditions related to the purpose of this chapter or to the general standards adopted under subsection (g) for allowing the deduction for the redevelopment or rehabilitation of the property or the installation of the new manufacturing equipment **or new research and development equipment, or both.**

To exercise one (1) or more of these powers a designating body must



1 include this fact in the resolution passed under section 2.5 of this
2 chapter.

3 (j) Notwithstanding any other provision of this chapter, if a
4 designating body limits the time period during which an area is an
5 economic revitalization area, that limitation does not:

6 (1) prevent a taxpayer from obtaining a deduction for new
7 manufacturing equipment **or new research and development**
8 **equipment, or both**, installed before January 1, 2006, but after
9 the expiration of the economic revitalization area if:

10 (A) the economic revitalization area designation expires after
11 December 30, 1995; and

12 (B) the new manufacturing equipment **or new research and**
13 **development equipment, or both**, was described in a
14 statement of benefits submitted to and approved by the
15 designating body in accordance with section 4.5 of this chapter
16 before the expiration of the economic revitalization area
17 designation; or

18 (2) limit the length of time a taxpayer is entitled to receive a
19 deduction to a number of years that is less than the number of
20 years designated under section 4 or 4.5 of this chapter.

21 (k) Notwithstanding any other provision of this chapter, deductions:

22 (1) that are authorized under section 3 of this chapter for property
23 in an area designated as an urban development area before March
24 1, 1983, and that are based on an increase in assessed valuation
25 resulting from redevelopment or rehabilitation that occurs before
26 March 1, 1983; or

27 (2) that are authorized under section 4.5 of this chapter for new
28 manufacturing equipment installed in an area designated as an
29 urban development area before March 1, 1983;

30 apply according to the provisions of this chapter as they existed at the
31 time that an application for the deduction was first made. No deduction
32 that is based on the location of property or new manufacturing
33 equipment in an urban development area is authorized under this
34 chapter after February 28, 1983, unless the initial increase in assessed
35 value resulting from the redevelopment or rehabilitation of the property
36 or the installation of the new manufacturing equipment occurred before
37 March 1, 1983.

38 (l) If property located in an economic revitalization area is also
39 located in an allocation area (as defined in IC 36-7-14-39 or
40 IC 36-7-15.1-26), an application for the property tax deduction
41 provided by this chapter may not be approved unless the commission
42 that designated the allocation area adopts a resolution approving the

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1 application.

2 SECTION 7. IC 6-1.1-12.1-2.5 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2.5. (a) If a designating
4 body finds that an area in its jurisdiction is an economic revitalization
5 area, it shall either:

- 6 (1) prepare maps and plats that identify the area; or
7 (2) prepare a simplified description of the boundaries of the area
8 by describing its location in relation to public ways, streams, or
9 otherwise.

10 (b) After the compilation of the materials described in subsection
11 (a), the designating body shall pass a resolution declaring the area an
12 economic revitalization area. The resolution must contain a description
13 of the affected area and be filed with the county assessor. **The A**
14 **resolution adopted after June 30, 1999,** may include a determination
15 of **whether the number of years** a deduction under section 3 of this
16 chapter is allowed. ~~for three (3); six (6); or ten (10) years.~~ In addition,
17 if the resolution is adopted after ~~April 30, 1991;~~ **June 30, 1999,** the
18 resolution may include a determination of **whether the number of**
19 **years** a deduction under section 4.5 of this chapter is allowed. ~~for five~~
20 ~~(5) or ten (10) years.~~

21 (c) After approval of a resolution under subsection (b), the
22 designating body shall do the following:

- 23 (1) Publish notice of the adoption and substance of the resolution
24 in accordance with IC 5-3-1.
25 (2) File the following information with each taxing unit that has
26 authority to levy property taxes in the geographic area where the
27 economic revitalization area is located:
28 (A) A copy of the notice required by subdivision (1).
29 (B) A statement containing substantially the same information
30 as a statement of benefits filed with the designating body
31 before the hearing required by this section under sections 3
32 and 4.5 of this chapter.

33 The notice must state that a description of the affected area is available
34 and can be inspected in the county assessor's office. The notice must
35 also name a date when the designating body will receive and hear all
36 remonstrances and objections from interested persons. The designating
37 body shall file the information required by subdivision (2) with the
38 officers of the taxing unit who are authorized to fix budgets, tax rates,
39 and tax levies under IC 6-1.1-17-5 at least ten (10) days before the date
40 of the public hearing. After considering the evidence, the designating
41 body shall take final action determining whether the qualifications for
42 an economic revitalization area have been met and confirming,



1 modifying and confirming, or rescinding the resolution. This
 2 determination is final except that an appeal may be taken and heard as
 3 provided under subsections (d) and (e).

4 (d) A person who filed a written remonstrance with the designating
 5 body under this section and who is aggrieved by the final action taken
 6 may, within ten (10) days after that final action, initiate an appeal of
 7 that action by filing in the office of the clerk of the circuit or superior
 8 court a copy of the order of the designating body and his remonstrance
 9 against that order, together with his bond conditioned to pay the costs
 10 of his appeal if the appeal is determined against him. The only ground
 11 of appeal that the court may hear is whether the proposed project will
 12 meet the qualifications of the economic revitalization area law. The
 13 burden of proof is on the appellant.

14 (e) An appeal under this section shall be promptly heard by the
 15 court without a jury. All remonstrances upon which an appeal has been
 16 taken shall be consolidated and heard and determined within thirty (30)
 17 days after the time of the filing of the appeal. The court shall hear
 18 evidence on the appeal, and may confirm the final action of the
 19 designating body or sustain the appeal. The judgment of the court is
 20 final and conclusive, unless an appeal is taken as in other civil actions.

21 SECTION 8. IC 6-1.1-12.1-3 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) An applicant
 23 must provide a statement of benefits to the designating body. If the
 24 designating body requires information from the applicant for economic
 25 revitalization area status for use in making its decision about whether
 26 to designate an economic revitalization area, the applicant shall provide
 27 the completed statement of benefits form to the designating body
 28 before the hearing required by section 2.5(c) of this chapter. Otherwise,
 29 the statement of benefits form must be submitted to the designating
 30 body before the initiation of the redevelopment or rehabilitation for
 31 which the person desires to claim a deduction under this chapter. The
 32 state board of tax commissioners shall prescribe a form for the
 33 statement of benefits. The statement of benefits must include the
 34 following information:

- 35 (1) A description of the proposed redevelopment or rehabilitation.
- 36 (2) An estimate of the number of individuals who will be
 37 employed or whose employment will be retained by the person as
 38 a result of the redevelopment or rehabilitation and an estimate of
 39 the annual salaries of these individuals.
- 40 (3) An estimate of the value of the redevelopment or
 41 rehabilitation.

42 With the approval of the state board of tax commissioners, the



statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

(b) The designating body must review the statement of benefits required under subsection (a). The designating body shall determine whether an area should be designated an economic revitalization area or whether a deduction should be allowed, based on (and after it has made) the following findings:

(1) Whether the estimate of the value of the redevelopment or rehabilitation is reasonable for projects of that nature.

(2) Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described redevelopment or rehabilitation.

(3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described redevelopment or rehabilitation.

(4) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed described redevelopment or rehabilitation.

(5) Whether the totality of benefits is sufficient to justify the deduction.

A designating body may not designate an area an economic revitalization area or approve a deduction unless the findings required by this subsection are made in the affirmative.

(c) Except as provided in subsections (a) through (b), the owner of property which is located in an economic revitalization area is entitled to a deduction from the assessed value of the property. If the area is a residentially distressed area, the period is **not more than** five (5) years. For all other economic revitalization areas **designated before July 1, 1999**, the period is three (3), six (6), or ten (10) years. ~~as determined under subsection (d).~~ **For all economic revitalization areas designated after June 30, 1999, the period is the number of years determined under subsection (d).** The owner is entitled to a deduction if:

(1) the property has been rehabilitated; or

(2) the property is located on real estate which has been redeveloped.

The owner is entitled to the deduction for the first year, and any successive year or years, in which an increase in assessed value resulting from the rehabilitation or redevelopment occurs and for the

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two (2), four (4), five (5), or nine (9) years immediately following each such year or years whichever is applicable. **determined under subsection (d).** However, property owners who had an area designated an urban development area pursuant to an application filed prior to January 1, 1979, are only entitled to a deduction for a five (5) year period. In addition, property owners who are entitled to a deduction under this chapter pursuant to an application filed after December 31, 1978, and before January 1, 1986, are entitled to a deduction for a ten (10) year period.

(d) For economic revitalization areas that are not residentially distressed areas, **For an area designated as an economic revitalization area after June 30, 1999, that is not a residentially distressed area,** the designating body shall determine ~~whether the number of years for which~~ the property owner is entitled to a deduction. ~~for three (3) years; six (6) years; or ten (10) years.~~ **However, the deduction may not be allowed for more than ten (10) years.** This determination shall be made:

- (1) as part of the resolution adopted under section 2.5 of this chapter; or
- (2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the county auditor. A certified copy of the resolution shall be sent to the county auditor who shall make the deduction as provided in section 5 of this chapter.

A determination about ~~whether the number of years the~~ deduction is ~~three (3); six (6); or ten (10) years~~ **allowed** that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(e) Except for deductions related to redevelopment or rehabilitation of real property in a county containing a consolidated city or a deduction related to redevelopment or rehabilitation of real property initiated before December 31, 1987, in areas designated as economic revitalization areas before that date, a deduction for the redevelopment or rehabilitation of real property may not be approved for the following facilities:

- (1) Private or commercial golf course.
- (2) Country club.
- (3) Massage parlor.
- (4) Tennis club.
- (5) Skating facility (including roller skating, skateboarding, or ice skating).
- (6) Racquet sport facility (including any handball or racquetball



1 court).

2 (7) Hot tub facility.

3 (8) Suntan facility.

4 (9) Racetrack.

5 (10) Any facility the primary purpose of which is:

6 (A) retail food and beverage service;

7 (B) automobile sales or service; or

8 (C) other retail;

9 unless the facility is located in an economic development target
10 area established under section 7 of this chapter.

11 (11) Residential, unless:

12 (A) the facility is a multifamily facility that contains at least
13 twenty percent (20%) of the units available for use by low and
14 moderate income individuals;

15 (B) the facility is located in an economic development target
16 area established under section 7 of this chapter; or

17 (C) the area is designated as a residentially distressed area.

18 (12) A package liquor store that holds a liquor dealer's permit
19 under IC 7.1-3-10 or any other entity that is required to operate
20 under a license issued under IC 7.1. However, this subdivision
21 does not apply to an applicant that:

22 (A) was eligible for tax abatement under this chapter before
23 July 1, 1995; or

24 (B) is described in IC 7.1-5-7-11.

25 SECTION 9. IC 6-1.1-12.1-4 IS AMENDED TO READ AS
26 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4. (a) Except as
27 provided in section 2(i)(4) of this chapter, the amount of the deduction
28 which the property owner is entitled to receive under section 3 of this
29 chapter for a particular year equals the product of:

30 (1) the increase in the assessed value resulting from the
31 rehabilitation or redevelopment; multiplied by

32 (2) the percentage prescribed in the table set forth in subsection
33 (d).

34 (b) The amount of the deduction determined under subsection (a)
35 shall be adjusted in accordance with this subsection in the following
36 circumstances:

37 (1) If a general reassessment of real property occurs within the
38 particular period of the deduction, the amount determined under
39 subsection (a)(1) shall be adjusted to reflect the percentage
40 increase or decrease in assessed valuation that resulted from the
41 general reassessment.

42 (2) If an appeal of an assessment is approved that results in a



reduction of the assessed value of the redeveloped or rehabilitated property, the amount of any deduction shall be adjusted to reflect the percentage decrease that resulted from the appeal.

The state board of tax commissioners shall adopt rules under IC 4-22-2 to implement this subsection.

(c) Property owners who had an area designated an urban development area pursuant to an application filed prior to January 1, 1979, are only entitled to the deduction for the first through the fifth years as provided in subsection ~~(d)(3)~~: **(d)(10)**. In addition, property owners who are entitled to a deduction under this chapter pursuant to an application filed after December 31, 1978, and before January 1, 1986, are entitled to a deduction for the first through the tenth years, as provided in subsection ~~(d)(3)~~: **(d)(10)**.

(d) The percentage to be used in calculating the deduction under subsection (a) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%

~~(2)~~ **(6) For deductions allowed over a six (6) year period:**

YEAR OF DEDUCTION	PERCENTAGE
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1	1st	100%
2	2nd	85%
3	3rd	66%
4	4th	50%
5	5th	34%
6	6th	17%

(7) For deductions allowed over a seven (7) year period:

	YEAR OF DEDUCTION	PERCENTAGE
9	1st	100%
10	2nd	85%
11	3rd	71%
12	4th	57%
13	5th	43%
14	6th	29%
15	7th	14%

(8) For deductions allowed over an eight (8) year period:

	YEAR OF DEDUCTION	PERCENTAGE
18	1st	100%
19	2nd	88%
20	3rd	75%
21	4th	63%
22	5th	50%
23	6th	38%
24	7th	25%
25	8th	13%

(9) For deductions allowed over a nine (9) year period:

	YEAR OF DEDUCTION	PERCENTAGE
28	1st	100%
29	2nd	88%
30	3rd	77%
31	4th	66%
32	5th	55%
33	6th	44%
34	7th	33%
35	8th	22%
36	9th	11%

(10) For deductions allowed over a ten (10) year period:

	YEAR OF DEDUCTION	PERCENTAGE
39	1st	100%
40	2nd	95%
41	3rd	80%
42	4th	65%



1	5th	50%
2	6th	40%
3	7th	30%
4	8th	20%
5	9th	10%
6	10th	5%

7 SECTION 10. IC 6-1.1-12.1-4.5 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4.5. (a) For purposes
9 of this section, "personal property" means personal property other than
10 inventory (as defined in IC 6-1.1-3-11(a)).

11 (b) An applicant must provide a statement of benefits to the
12 designating body. The applicant must provide the completed statement
13 of benefits form to the designating body before the hearing specified in
14 section 2.5(c) of this chapter or before the installation of the new
15 manufacturing equipment **or new research and development**
16 **equipment, or both**, for which the person desires to claim a deduction
17 under this chapter. The state board of tax commissioners shall prescribe
18 a form for the statement of benefits. The statement of benefits must
19 include the following information:

20 (1) A description of the new manufacturing equipment **or new**
21 **research and development equipment, or both**, that the person
22 proposes to acquire.

23 (2) With respect to:

24 (A) new manufacturing equipment not used to dispose of solid
25 waste or hazardous waste by converting the solid waste or
26 hazardous waste into energy or other useful products; **and**

27 (B) **new research and development equipment;**

28 an estimate of the number of individuals who will be employed or
29 whose employment will be retained by the person as a result of
30 the installation of the new manufacturing equipment **or new**
31 **research and development equipment, or both**, and an estimate
32 of the annual salaries of these individuals.

33 (3) An estimate of the cost of the new manufacturing equipment
34 **or new research and development equipment, or both.**

35 (4) With respect to new manufacturing equipment used to dispose
36 of solid waste or hazardous waste by converting the solid waste
37 or hazardous waste into energy or other useful products, an
38 estimate of the amount of solid waste or hazardous waste that will
39 be converted into energy or other useful products by the new
40 manufacturing equipment.

41 With the approval of the state board of tax commissioners, the
42 statement of benefits may be incorporated in a designation application.



1 Notwithstanding any other law, a statement of benefits is a public
2 record that may be inspected and copied under IC 5-14-3-3.

3 (c) The designating body must review the statement of benefits
4 required under subsection (b). The designating body shall determine
5 whether an area should be designated an economic revitalization area
6 or whether the deduction shall be allowed, based on (and after it has
7 made) the following findings:

8 (1) Whether the estimate of the cost of the new manufacturing
9 equipment **or new research and development equipment, or**
10 **both**, is reasonable for equipment of that type.

11 (2) With respect to:

12 (A) new manufacturing equipment not used to dispose of solid
13 waste or hazardous waste by converting the solid waste or
14 hazardous waste into energy or other useful products; **and**

15 (B) **new research and development equipment;**

16 whether the estimate of the number of individuals who will be
17 employed or whose employment will be retained can be
18 reasonably expected to result from the installation of the new
19 manufacturing equipment **or new research and development**
20 **equipment, or both.**

21 (3) Whether the estimate of the annual salaries of those
22 individuals who will be employed or whose employment will be
23 retained can be reasonably expected to result from the proposed
24 installation of new manufacturing equipment **or new research**
25 **and development equipment, or both.**

26 (4) With respect to new manufacturing equipment used to dispose
27 of solid waste or hazardous waste by converting the solid waste
28 or hazardous waste into energy or other useful products, whether
29 the estimate of the amount of solid waste or hazardous waste that
30 will be converted into energy or other useful products can be
31 reasonably expected to result from the installation of the new
32 manufacturing equipment.

33 (5) Whether any other benefits about which information was
34 requested are benefits that can be reasonably expected to result
35 from the proposed installation of new manufacturing equipment
36 **or new research and development equipment, or both.**

37 (6) Whether the totality of benefits is sufficient to justify the
38 deduction.

39 The designating body may not designate an area an economic
40 revitalization area or approve the deduction unless it makes the
41 findings required by this subsection in the affirmative.

42 (d) Except as provided in subsection (f), an owner of new



manufacturing equipment whose statement of benefits is approved before May 1, 1991, is entitled to a deduction from the assessed value of that equipment for a period of five (5) years. Except as provided in subsections (f) and (i), an owner of new manufacturing equipment **or new research and development equipment, or both**, whose statement of benefits is approved after ~~April 30, 1991~~, **June 30, 1999**, is entitled to a deduction from the assessed value of that equipment for a ~~period of five (5) years or ten (10) years~~ **the number of years** as determined by the designating body under subsection (h). Except as provided in subsections (f) and (g) and in section 2(i)(3) of this chapter, the amount of the deduction that an owner is entitled to for a particular year equals the product of:

- (1) the assessed value of the new manufacturing equipment **or new research and development equipment, or both**, in the year that the equipment is installed; multiplied by
- (2) the percentage prescribed in the table set forth in subsection (e).

(e) The percentage to be used in calculating the deduction under subsection (d) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd and thereafter	0%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%
3rd and thereafter	0%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%
4th and thereafter	0%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%
5th and thereafter	0%

~~(1)~~ **(5) For deductions allowed over a five (5) year period:**



1	YEAR OF DEDUCTION	PERCENTAGE
2	1st	100%
3	2nd	95% 80%
4	3rd	80% 60%
5	4th	65% 40%
6	5th	50% 20%
7	6th and thereafter	0%
8	(6) For deductions allowed over a six (6) year period:	
9	YEAR OF DEDUCTION	PERCENTAGE
10	1st	100%
11	2nd	85%
12	3rd	66%
13	4th	50%
14	5th	34%
15	6th	25%
16	7th and thereafter	0%
17	(7) For deductions allowed over a seven (7) year period:	
18	YEAR OF DEDUCTION	PERCENTAGE
19	1st	100%
20	2nd	85%
21	3rd	71%
22	4th	57%
23	5th	43%
24	6th	29%
25	7th	14%
26	8th and thereafter	0%
27	(8) For deductions allowed over an eight (8) year period:	
28	YEAR OF DEDUCTION	PERCENTAGE
29	1st	100%
30	2nd	88%
31	3rd	75%
32	4th	63%
33	5th	50%
34	6th	38%
35	7th	25%
36	8th	13%
37	9th and thereafter	0%
38	(9) For deductions allowed over a nine (9) year period:	



1	YEAR OF DEDUCTION	PERCENTAGE
2	1st	100%
3	2nd	88%
4	3rd	77%
5	4th	66%
6	5th	55%
7	6th	44%
8	7th	33%
9	8th	22%
10	9th	11%
11	10th and thereafter	0%
12	(2) (10) For deductions allowed over a ten (10) year period:	
13	YEAR OF DEDUCTION	PERCENTAGE
14	1st	100%
15	2nd	95% 90%
16	3rd	90% 80%
17	4th	85% 70%
18	5th	80% 60%
19	6th	70% 50%
20	7th	55% 40%
21	8th	40% 30%
22	9th	30% 20%
23	10th	25% 10%
24	11th and thereafter	0%
25	(f) Notwithstanding subsections (d) and (e), a deduction under this	
26	section is not allowed in the first year the deduction is claimed for new	
27	manufacturing equipment or new research and development	
28	equipment, or both, to the extent that it would cause the assessed	
29	value of all of the personal property of the owner in the taxing district	
30	in which the equipment is located (excluding personal property that is	
31	assessed as construction in process) to be less than the assessed value	
32	of all of the personal property of the owner in that taxing district	
33	(excluding personal property that is assessed as construction in	
34	process) in the immediately preceding year.	
35	(g) If a deduction is not fully allowed under subsection (f) in the	
36	first year the deduction is claimed, then the percentages specified in	
37	subsection (d) or (e) apply in the subsequent years to the amount of	
38	deduction that was allowed in the first year.	
39	(h) For an economic revitalization area designated before July	
40	1, 1999, the designating body shall determine whether a property owner	
41	whose statement of benefits is approved after April 30, 1991, is entitled	
42	to a deduction for five (5) or ten (10) years. For an economic	



1 **revitalization area designated after June 30, 1999, the designating**
 2 **body shall determine the number of years the deduction is allowed.**
 3 **However, the deduction may not be allowed for more than ten (10)**
 4 **years.** This determination shall be made:

5 (1) as part of the resolution adopted under section 2.5 of this
 6 chapter; or

7 (2) by resolution adopted within sixty (60) days after receiving a
 8 copy of a property owner's certified deduction application from
 9 the state board of tax commissioners. A certified copy of the
 10 resolution shall be sent to the county auditor and the state board
 11 of tax commissioners.

12 A determination about ~~whether~~ the **number of years the deduction is**
 13 **for a period of five (5) or ten (10) years allowed** that is made under
 14 subdivision (1) is final and may not be changed by following the
 15 procedure under subdivision (2).

16 (i) The owner of new manufacturing equipment that is directly used
 17 to dispose of hazardous waste is not entitled to the deduction provided
 18 by this section for a particular assessment year if during that
 19 assessment year the owner:

20 (1) is convicted of a violation under IC 13-7-13-3 (repealed),
 21 IC 13-7-13-4 (repealed), or IC 13-30-6; or

22 (2) is subject to an order or a consent decree with respect to
 23 property located in Indiana based on a violation of a federal or
 24 state rule, regulation, or statute governing the treatment, storage,
 25 or disposal of hazardous wastes that had a major or moderate
 26 potential for harm.

27 **SECTION 11. IC 6-1.1-12.1-5 IS AMENDED TO READ AS**
 28 **FOLLOWS [EFFECTIVE JULY 1, 1999]:** Sec. 5. (a) A property owner
 29 who desires to obtain the deduction provided by section 3 of this
 30 chapter must file a certified deduction application, on forms prescribed
 31 by the state board of tax commissioners, with the auditor of the county
 32 in which the property is located. Except as otherwise provided in
 33 subsection (b) or (e), the deduction application must be filed before
 34 May 10 of the year in which the addition to assessed valuation is made.

35 (b) If notice of the addition to assessed valuation or new assessment
 36 for any year is not given to the property owner before April 10 of that
 37 year, the deduction application required by this section may be filed not
 38 later than thirty (30) days after the date such a notice is mailed to the
 39 property owner at the address shown on the records of the township
 40 assessor.

41 (c) The deduction application required by this section must contain
 42 the following information:



- (1) The name of the property owner.
 - (2) A description of the property for which a deduction is claimed in sufficient detail to afford identification.
 - (3) The assessed value of the improvements before rehabilitation.
 - (4) The increase in the assessed value of improvements resulting from the rehabilitation.
 - (5) The assessed value of the new structure in the case of redevelopment.
 - (6) The amount of the deduction claimed for the first year of the deduction.
 - (7) If the deduction application is for a deduction in a residentially distressed area, the assessed value of the improvement or new structure for which the deduction is claimed.
- (d) A deduction application filed under subsection (a) or (b) is applicable for the year in which the addition to assessed value or assessment of a new structure is made and in the ~~immediate~~ following ~~two (2); four (4); five (5); or nine (9) years whichever is applicable; the~~ **deduction is allowed** without any additional deduction application being filed. However, property owners who had an area designated an urban development area pursuant to a deduction application filed prior to January 1, 1979, are only entitled to a deduction for a five (5) year period. In addition, property owners who are entitled to a deduction under this chapter pursuant to a deduction application filed after December 31, 1978, and before January 1, 1986, are entitled to a deduction for a ten (10) year period.
- (e) A property owner who desires to obtain the deduction provided by section 3 of this chapter but who has failed to file a deduction application within the dates prescribed in subsection (a) or (b) may file a deduction application between March 1 and May 10 of a subsequent year which shall be applicable for the year filed and the subsequent years without any additional deduction application being filed for the amounts of the deduction which would be applicable to such years pursuant to section 4 of this chapter if such a deduction application had been filed in accordance with subsection (a) or (b).
- (f) On verification of the correctness of a deduction application by the assessor of the township in which the property is located, the county auditor shall act as follows:
- (1) If a determination about ~~whether the deduction is three (3); six (6); or ten (10) the number of years the deduction is allowed~~ has been made in the resolution adopted under section 2.5 of this chapter, the county auditor shall make the appropriate deduction.
 - (2) If a determination about ~~whether the deduction is three (3); six~~



(6), or ten (10) the number of years the deduction is allowed has not been made in the resolution adopted under section 2.5 of this chapter, the county auditor shall send a copy of the deduction application to the designating body. Upon receipt of the resolution stating whether the number of years the deduction will be allowed, for three (3); six (6); or ten (10) years, the county auditor shall make the appropriate deduction.

(3) If the deduction application is for rehabilitation or redevelopment in a residentially distressed area, the county auditor shall make the appropriate deduction.

(g) The amount and period of the deduction provided for property by section 3 of this chapter are not affected by a change in the ownership of the property if the new owner of the property:

(1) continues to use the property in compliance with any standards established under section 2(g) of this chapter; and

(2) files an application in the manner provided by subsection (e).

(h) The township assessor shall include a notice of the deadlines for filing a deduction application under subsections (a) and (b) with each notice to a property owner of an addition to assessed value or of a new assessment.

SECTION 12. IC 6-1.1-12.1-5.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.5. (a) A person that desires to obtain the deduction provided by section 4.5 of this chapter must file a certified deduction application on forms prescribed by the state board of tax commissioners with:

(1) the auditor of the county in which the new manufacturing equipment or new research and development equipment, or both, is located; and

(2) the state board of tax commissioners.

A person that timely files a personal property return under IC 6-1.1-3-7(a) for the year in which the new manufacturing equipment or new research and development equipment, or both, is installed must file the application between March 1 and May 15 of that year. A person that obtains a filing extension under IC 6-1.1-3-7(b) for the year in which the new manufacturing equipment or new research and development equipment, or both, is installed must file the application between March 1 and June 14 of that year.

(b) The deduction application required by this section must contain the following information:

(1) The name of the owner of the new manufacturing equipment or new research and development equipment, or both.

(2) A description of the new manufacturing equipment or new



1 **research and development equipment, or both.**

2 (3) Proof of the date the new manufacturing equipment **or new**
3 **research and development equipment, or both,** was installed.

4 (4) The amount of the deduction claimed for the first year of the
5 deduction.

6 (c) This subsection applies to a deduction application with respect
7 to new manufacturing equipment **or new research and development**
8 **equipment, or both,** for which a statement of benefits was initially
9 approved after April 30, 1991. If a determination about ~~whether the~~
10 **number of years** the deduction is ~~for a period of five (5) or ten (10)~~
11 **years allowed** has not been made in the resolution adopted under
12 section 2.5 of this chapter, the county auditor shall send a copy of the
13 deduction application to the designating body and the designating body
14 shall adopt a resolution under section 4.5(h)(2) of this chapter.

15 (d) A deduction application must be filed under this section in the
16 year in which the new manufacturing equipment **or new research and**
17 **development equipment, or both,** is installed and in each of the
18 immediately succeeding ~~four (4) or nine (9) years~~ **whichever is**
19 **applicable: the deduction is allowed.**

20 (e) The state board of tax commissioners shall review and verify the
21 correctness of each deduction application and shall notify the county
22 auditor of the county in which the property is located that the deduction
23 application is approved or denied or that the amount of the deduction
24 is altered. Upon notification of approval of the deduction application
25 or of alteration of the amount of the deduction, the county auditor shall
26 make the deduction. The county auditor shall notify the county property
27 tax assessment board of appeals of all deductions approved under this
28 section.

29 (f) If the ownership of new manufacturing equipment **or new**
30 **research and development equipment, or both,** changes, the
31 deduction provided under section 4.5 of this chapter continues to apply
32 to that equipment if the new owner:

33 (1) continues to use the equipment in compliance with any
34 standards established under section 2(g) of this chapter; and

35 (2) files the deduction applications required by this section.

36 (g) The amount of the deduction is the percentage under section 4.5
37 of this chapter that would have applied if the ownership of the property
38 had not changed multiplied by the assessed value of the equipment for
39 the year the deduction is claimed by the new owner.

40 (h) If a person desires to initiate an appeal of the state board of tax
41 commissioners' final determination, the person must do all of the
42 following not more than forty-five (45) days after the state board of tax



commissioners gives the person notice of the final determination:

- (1) File a written notice with the state board of tax commissioners informing the board of the person's intention to appeal.
- (2) File a complaint in the tax court.
- (3) Serve the attorney general and the county auditor with a copy of the complaint.

SECTION 13. IC 6-1.1-12.1-5.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.6. (a) This subsection applies to a property owner whose statement of benefits was approved under section 4.5 of this chapter before July 1, 1991. In addition to the requirements of section 5.5(b) of this chapter, a deduction application filed under section 5.5 of this chapter must contain information showing the extent to which there has been compliance with the statement of benefits approved under section 4.5 of this chapter. Failure to comply with a statement of benefits approved before July 1, 1991, may not be a basis for rejecting a deduction application.

(b) This subsection applies to a property owner whose statement of benefits was approved under section 4.5 of this chapter after June 30, 1991. In addition to the requirements of section 5.5(b) of this chapter, a property owner who files a deduction application under section 5.5 of this chapter must provide the county auditor and the designating body with information showing the extent to which there has been compliance with the statement of benefits approved under section 4.5 of this chapter.

(c) Notwithstanding IC 5-14-3 and IC 6-1.1-35-9, the following information is a public record if filed under this section:

- (1) The name and address of the taxpayer.
- (2) The location and description of the new manufacturing equipment **or new research and development equipment, or both**, for which the deduction was granted.
- (3) Any information concerning the number of employees at the facility where the new manufacturing equipment **or new research and development equipment, or both**, is located, including estimated totals that were provided as part of the statement of benefits.
- (4) Any information concerning the total of the salaries paid to those employees, including estimated totals that were provided as part of the statement of benefits.
- (5) Any information concerning the amount of solid waste or hazardous waste converted into energy or other useful products by the new manufacturing equipment.
- (6) Any information concerning the assessed value of the new



1 manufacturing equipment **or new research and development**
 2 **equipment, or both**, including estimates that were provided as
 3 part of the statement of benefits.

4 (d) The following information is confidential if filed under this
 5 section:

6 (1) Any information concerning the specific salaries paid to
 7 individual employees by the owner of the new manufacturing
 8 equipment **or new research and development equipment, or**
 9 **both.**

10 (2) Any information concerning the cost of the new
 11 manufacturing equipment **or new research and development**
 12 **equipment, or both.**

13 SECTION 14. IC 6-1.1-12.1-5.8 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.8. In lieu of providing
 15 the statement of benefits required by section 3 or 4.5 of this chapter and
 16 the additional information required by section 5.1 or 5.6 of this chapter,
 17 the designating body may, by resolution, waive the statement of
 18 benefits if the designating body finds that the purposes of this chapter
 19 are served by allowing the deduction and the property owner has,
 20 during the thirty-six (36) months preceding the first assessment date to
 21 which the waiver would apply, installed new manufacturing equipment
 22 **or new research and development equipment, or both**, or developed
 23 or rehabilitated property at a cost of at least ten million dollars
 24 (\$10,000,000) as determined by the state board of tax commissioners.

25 SECTION 15. IC 6-1.1-12.1-8 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) ~~No~~ **Not** later than
 27 December 31 of each year, the county auditor shall publish the
 28 following in a newspaper of general interest and readership and not one
 29 of limited subject matter:

30 (1) A list of the approved deduction applications that were filed
 31 under this chapter during that year. The list must contain the
 32 following:

33 (A) The name and address of each person approved for or
 34 receiving a deduction that was filed for during the year.

35 (B) The amount of each deduction that was filed for during the
 36 year.

37 (C) The number of years for which each deduction that was
 38 filed for during the year will be available.

39 (D) The total amount for all deductions that were filed for and
 40 granted during the year.

41 (2) The total amount of all deductions for real property that were
 42 in effect under section 3 of this chapter during the year.



(3) The total amount of all deductions for new manufacturing equipment **or new research and development equipment, or both**, that were in effect under section 4.5 of this chapter during the year.

(b) The county auditor shall file the information described in subsection (a)(2) and (a)(3) with the state board of tax commissioners not later than December 31 of each year.

SECTION 16. IC 6-1.1-12.1-11.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 11.3. (a) This section applies only to the following requirements under section 3 of this chapter:

(1) Failure to provide the completed statement of benefits form to the designating body before the hearing required by section 2.5(c) of this chapter.

(2) Failure to submit the completed statement of benefits form to the designating body before the initiation of the redevelopment or rehabilitation or the installation of new manufacturing equipment **or new research and development equipment, or both**, for which the person desires to claim a deduction under this chapter.

(3) Failure to designate an area as an economic revitalization area before the initiation of the:

(A) redevelopment;

(B) installation of new manufacturing equipment **or new research and development equipment, or both**; or

(C) rehabilitation;

for which the person desires to claim a deduction under this chapter.

(4) Failure to make the required findings of fact before designating an area as an economic revitalization area or authorizing a deduction for new manufacturing equipment **or new research and development equipment, or both**, under section 2, 3, or 4.5 of this chapter.

(b) This section does not grant a designating body the authority to exempt a person from filing a statement of benefits or exempt a designating body from making findings of fact.

(c) A designating body may by resolution waive noncompliance described under subsection (a) under the terms and conditions specified in the resolution. Before adopting a waiver under this subsection, the designating body shall conduct a public hearing on the waiver.

SECTION 17. IC 6-3.1-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]: Sec. 2. (a) A taxpayer who incurs Indiana qualified research expense



1 in a particular taxable year is entitled to a research expense tax credit
2 for the taxable year.

3 (b) A taxpayer who does not have income apportioned to this state
4 for a taxable year under IC 6-3-2-2 is entitled to a research expense tax
5 credit for the taxable year in the amount of the product of:

6 (1) ~~five six~~ percent (~~5%~~); (~~6%~~); multiplied by

7 (2) the remainder of the taxpayer's Indiana qualified research
8 expenses for the taxable year, minus:

9 (A) the taxpayer's base period Indiana qualified research
10 expenses, for taxable years beginning before January 1, 1990;
11 or

12 (B) the taxpayer's base amount, for taxable years beginning
13 after December 31, 1989.

14 (c) A taxpayer who has income apportioned to this state for a
15 taxable year under IC 6-3-2-2 is entitled to a research expense tax
16 credit for the taxable year in the amount of the lesser of:

17 (1) the amount determined under subsection (b); or

18 (2) ~~five six~~ percent (~~5%~~) (~~6%~~) multiplied by the remainder of the
19 taxpayer's total qualified research expenses for the taxable year,
20 minus:

21 (A) the taxpayer's base period research expenses, for taxable
22 years beginning before January 1, 1990; or

23 (B) the taxpayer's base amount, for taxable years beginning
24 after December 31, 1989;

25 further multiplied by the percentage determined under IC 6-3-2-2
26 for the apportionment of the taxpayer's income for the taxable
27 year to this state.

28 SECTION 18. IC 6-3.1-4-6 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. Notwithstanding the
30 other provisions of this chapter, a taxpayer is not entitled to a credit for
31 Indiana qualified research expense incurred after December 31, ~~1999~~.
32 **2002.** Notwithstanding Section 41 of the Internal Revenue Code, the
33 termination date in Section 41(h) of the Internal Revenue Code does
34 not apply to a taxpayer who is eligible for the credit under this chapter
35 for the taxable year in which the Indiana qualified research expense is
36 incurred.

37 SECTION 19. [EFFECTIVE JULY 1, 1999] **IC 6-3.1-4-2, as**
38 **amended by this act, applies to taxable years beginning after**
39 **December 31, 1998.**

40 SECTION 20. **An emergency is declared for this act.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1554, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and finance.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-4-10.9-6.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.2. (a) "Educational facility project" includes:

(1) the acquisition of land, site improvements, infrastructure improvements, buildings, or structures, the rehabilitation, renovation, and enlargement of buildings and structures, machinery, equipment, furnishings, or facilities (or any combination of these):

(1) (A) comprising or being functionally related and subordinate to any aquaria, botanical societies, historical societies, libraries, museums, performing arts associations or societies, scientific societies, zoological societies, and independent elementary, secondary, or postsecondary schools (or any combination of these) that engages in the cultural, intellectual, scientific, educational, or artistic enrichment of the people of the state the development or expansion of which serves the purposes set forth in IC 4-4-11-2;

(2) (B) is not used or to be used primarily for sectarian instruction or study or as a place for devotional activities; and
(3) (C) is not used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination.

(2) **funding (including a reimbursement or refinancing) by a nonprofit organization described in subsection (b) of:**

(A) **real property;**

(B) **improvements;**

(C) **personal property;**

(D) **working capital;**

(E) **a liability; or**

(F) **a cost or other expenditure, other than an ordinary and recurring operating cost or expenditure.**

(b) **For purposes of subsection (a)(2), a nonprofit organization**



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must be:

- (1) **qualified as tax-exempt under Section 501(c)(3) of the Internal Revenue Code; and**
- (2) **have headquarters or a primary educational or exhibit facility located on property owned by or titled in the name of the state of Indiana or an agency, commission, or instrumentality of the state of Indiana that serves the purposes set forth in IC 4-4-11-2.**

SECTION 2. IC 4-4-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The legislature makes the following findings of fact:

- (1) That there currently exists in certain areas of the state critical conditions of unemployment or environmental pollution, including water pollution, air pollution, sewage and solid waste, radioactive waste, thermal pollution, radiation contamination, and noise pollution, and that these conditions may well exist, from time to time, in other areas of the state.
- (2) That in some areas of the state such conditions are chronic and of long standing and that without remedial measures they may become so in other areas of the state.
- (3) That economic insecurity due to unemployment or environmental pollution is a menace to the health, safety, morals, and general welfare of not only the people of the affected areas but of the people of the entire state.
- (4) That involuntary unemployment and its resulting burden of indigency falls with crushing force upon the unemployed worker and ultimately upon the state in the form of public assistance and unemployment compensation.
- (5) That security against unemployment and the resulting spread of indigency and economic stagnation in the areas affected can best be provided by:
 - (A) the promotion, attraction, stimulation, rehabilitation, and revitalization of industrial development projects, rural development projects, mining operations, and agricultural operations that involve the processing of agricultural products;
 - (B) the promotion and stimulation of international exports; and
 - (C) the education, both formal and informal, of people of all ages throughout the state by the promotion, attraction, construction, renovation, rehabilitation, and revitalization of **and assistance to** educational facility projects.
- (6) That the present and prospective health, safety, morals, right to gainful employment, and general welfare of the people of the

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state require as a public purpose the abatement or control of pollution, the promotion of increased educational enrichment (including cultural, intellectual, scientific, or artistic opportunities) for people of all ages through new, expanded or revitalized educational facility projects, and the promotion of employment creation or retention through development of new and expanded industrial development projects, rural development projects, mining operations, and agricultural operations that involve the processing of agricultural products.

(7) That there is a need to stimulate a larger flow of private investment funds from commercial banks, investment bankers, insurance companies, other financial institutions, and individuals into such industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products in the state.

(8) That the authority can encourage the making of loans or leases for creation or expansion of industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products, thus putting a larger portion of the private capital available in Indiana for investment to use in the general economic development of the state.

(9) That the issuance of bonds of the authority to create a financing pool for industrial development projects promoting a substantial likelihood of opportunities for:

- (A) gainful employment;
- (B) business opportunities;
- (C) educational enrichment (including cultural, intellectual, scientific, or artistic opportunities);
- (D) the abatement, reduction, or prevention of pollution; or
- (E) the removal or treatment of any substances in materials being processed that otherwise would cause pollution when used;

will improve the health, safety, morals, and general welfare of the people of the state and constitutes a public purpose for which the authority shall exist and operate.

(10) That the issuance of bonds of the authority to create a funding source for the making of guaranteed participating loans will promote and encourage an expanding international exports market and international exports sales and will promote the general welfare of all of the people of Indiana by assisting Indiana

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businesses through stimulation of the expansion of international exports sales for Indiana products and services, especially those of small and medium-sized businesses, by providing financial assistance through the authority.

(b) The Indiana development finance authority shall exist and operate for the public purposes of:

- (1) promoting opportunities for gainful employment and business opportunities by the promotion and development of industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products, in any areas of the state;
- (2) promoting the educational enrichment (including cultural, intellectual, scientific, or artistic opportunities) of all the people of the state by the promotion and development of educational facility projects;
- (3) promoting affordable farm credit and agricultural loan financing at interest rates that are consistent with the needs of borrowers for farming and agricultural enterprises; and
- (4) preventing and remediating environmental pollution, including water pollution, air pollution, sewage and solid waste disposal, radioactive waste, thermal pollution, radiation contamination, and noise pollution affecting the health and well being of the people of the state by the promotion and development of industrial development projects.

SECTION 3. IC 4-4-11-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) The authority is granted all powers necessary or appropriate to carry out and effectuate its public and corporate purposes under this chapter, IC 4-4-21, and IC 15-7-5, including but not limited to the following:

- (1) Have perpetual succession as a body politic and corporate and an independent instrumentality exercising essential public functions.
- (2) Without complying with IC 4-22-2, adopt, amend, and repeal bylaws, rules, and regulations not inconsistent with this chapter, IC 4-4-21, and IC 15-7-5 and necessary or convenient to regulate its affairs and to carry into effect the powers, duties, and purposes of the authority and conduct its business.
- (3) Sue and be sued in its own name.
- (4) Have an official seal and alter it at will.
- (5) Maintain an office or offices at a place or places within the state as it may designate.



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(6) Make and execute contracts and all other instruments necessary or convenient for the performance of its duties and the exercise of its powers and functions under this chapter, IC 4-4-21, and IC 15-7-5.

(7) Employ architects, engineers, attorneys, inspectors, accountants, agriculture experts, silviculture experts, aquaculture experts, and financial experts, and such other advisors, consultants, and agents as may be necessary in its judgment and to fix their compensation.

(8) Procure insurance against any loss in connection with its property and other assets, including loans and loan notes in amounts and from insurers as it may consider advisable.

(9) Borrow money, make guaranties, issue bonds, and otherwise incur indebtedness for any of the authority's purposes, and issue debentures, notes, or other evidences of indebtedness, whether secured or unsecured, to any person, as provided by this chapter, IC 4-4-21, and IC 15-7-5.

(10) Procure insurance or guaranties from any public or private entities, including any department, agency, or instrumentality of the United States, for payment of any bonds issued by the authority or for reinsurance on amounts paid from the industrial development project guaranty fund, including the power to pay premiums on any insurance or reinsurance.

(11) Purchase, receive, take by grant, gift, devise, bequest, or otherwise, and accept, from any source, aid or contributions of money, property, labor, or other things of value to be held, used, and applied to carry out the purposes of this chapter, IC 4-4-21, and IC 15-7-5, subject to the conditions upon which the grants or contributions are made, including but not limited to gifts or grants from any department, agency, or instrumentality of the United States, and lease or otherwise acquire, own, hold, improve, employ, use, and otherwise deal in and with real or personal property or any interest in real or personal property, wherever situated, for any purpose consistent with this chapter, IC 4-4-21, or IC 15-7-5.

(12) Enter into agreements with any department, agency, or instrumentality of the United States or this state and with lenders and enter into loan agreements, sales contracts, and leases with contracting parties, including borrowers, lenders, developers, or users, for the purpose of planning, regulating, and providing for the financing and refinancing of any agricultural enterprise (as defined in IC 15-7-4.9-2), rural development project (as defined

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in IC 15-7-4.9-19.5), industrial development project, or international exports, and distribute data and information concerning the encouragement and improvement of agricultural enterprises and agricultural employment, rural development projects, industrial development projects, international exports, and other types of employment in the state undertaken with the assistance of the authority under this chapter.

(13) Enter into contracts or agreements with lenders and lessors for the servicing and processing of loans and leases pursuant to this chapter, IC 4-4-21, and IC 15-7-5.

(14) Provide technical assistance to local public bodies and to profit and nonprofit entities in the development or operation of agricultural enterprises, rural development projects, and industrial development projects.

(15) To the extent permitted under its contract with the holders of the bonds of the authority, consent to any modification with respect to the rate of interest, time, and payment of any installment of principal or interest, or any other term of any contract, loan, loan note, loan note commitment, contract, lease, or agreement of any kind to which the authority is a party.

(16) To the extent permitted under its contract with the holders of bonds of the authority, enter into contracts with any lender containing provisions enabling it to reduce the rental or carrying charges to persons unable to pay the regular schedule of charges when, by reason of other income or payment by any department, agency, or instrumentality of the United States of America or of this state, the reduction can be made without jeopardizing the economic stability of the agricultural enterprise, rural development project, or industrial development project being financed.

(17) Invest any funds not needed for immediate disbursement, including any funds held in reserve, in direct and general obligations of or obligations fully and unconditionally guaranteed by the United States, obligations issued by agencies of the United States, obligations of this state, or any obligations or securities which may from time to time be legally purchased by governmental subdivisions of this state pursuant to IC 5-13, or any obligations or securities which are permitted investments for bond proceeds or any construction, debt service, or reserve funds secured under the trust indenture or resolution pursuant to which bonds are issued.

(18) Collect fees and charges, as the authority determines to be

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reasonable, in connection with its loans, guarantees, advances, insurance, commitments, and servicing.

(19) Cooperate and exchange services, personnel, and information with any federal, state, or local government agency, or instrumentality of the United States or this state.

(20) Sell, at public or private sale, with or without public bidding, any loan or other obligation held by the authority.

(21) Enter into agreements concerning, and acquire, hold, and dispose by any lawful means, land or interests in land, building improvements, structures, personal property, franchises, patents, accounts receivable, loans, assignments, guarantees, and insurance needed for the purposes of this chapter, IC 4-4-21, or IC 15-7-5.

(22) Take assignments of accounts receivable, loans, guarantees, insurance, notes, mortgages, security agreements securing notes, and other forms of security, attach, seize, or take title by foreclosure or conveyance to any industrial development project when a guaranteed loan thereon is clearly in default and when in the opinion of the authority such acquisition is necessary to safeguard the industrial development project guaranty fund, and sell, or on a temporary basis, lease, or rent such industrial development project for any use.

(23) Expend money, as the authority considers appropriate, from the industrial development project guaranty fund created by section 16 of this chapter.

(24) Purchase, lease as lessee, construct, remodel, rebuild, enlarge, or substantially improve industrial development projects, including land, machinery, equipment, or any combination thereof.

(25) Lease industrial development projects to users or developers, with or without an option to purchase.

(26) Sell industrial development projects to users or developers, for consideration to be paid in installments or otherwise.

(27) Make direct loans from the proceeds of the bonds to users or developers for:

(A) the cost of acquisition, construction, or installation of industrial development projects, including land, machinery, equipment, or any combination thereof; **or**

(B) working capital expenditures for an educational facility project described in IC 4-4-10.9-6.2(a)(2);

with the loans to be secured by the pledge of one (1) or more bonds, notes, warrants, or other secured or unsecured debt

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obligations of the users or developers.

(28) Lend or deposit the proceeds of bonds to or with a lender for the purpose of furnishing funds to such lender to be used for making a loan to a developer or user for the financing of industrial development projects under this chapter.

(29) Enter into agreements with users or developers to allow the users or developers, directly or as agents for the authority, to wholly or partially construct industrial development projects to be leased from or to be acquired by the authority.

(30) Establish reserves from the proceeds of the sale of bonds, other funds, or both, in the amount determined to be necessary by the authority to secure the payment of the principal and interest on the bonds.

(31) Adopt rules governing its activities authorized under this chapter, IC 4-4-21, and IC 15-7-5.

(32) Use the proceeds of bonds to make guaranteed participating loans.

(33) Purchase, discount, sell, and negotiate, with or without guaranty, notes and other evidences of indebtedness.

(34) Sell and guarantee securities.

(35) Make guaranteed participating loans under IC 4-4-21-26.

(36) Procure insurance to guarantee, insure, coinsure, and reinsure against political and commercial risk of loss, and any other insurance the authority considers necessary, including insurance to secure the payment of principal and interest on notes or other obligations of the authority.

(37) Provide performance bond guarantees to support eligible export loan transactions, subject to the terms of this chapter or IC 4-4-21.

(38) Provide financial counseling services to Indiana exporters.

(39) Accept gifts, grants, or loans from, and enter into contracts or other transactions with, any federal or state agency, municipality, private organization, or other source.

(40) Sell, convey, lease, exchange, transfer, or otherwise dispose of property or any interest in property, wherever the property is located.

(41) Cooperate with other public and private organizations to promote export trade activities in Indiana.

(42) Make guarantees and administer the agricultural loan and rural development project guarantee fund established by IC 15-7-5.

(43) Take assignments of notes and mortgages and security

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agreements securing notes and other forms of security, and attach, seize, or take title by foreclosure or conveyance to any agricultural enterprise or rural development project when a guaranteed loan to the enterprise or rural development project is clearly in default and when in the opinion of the authority the acquisition is necessary to safeguard the agricultural loan and rural development project guarantee fund, and sell, or on a temporary basis, lease or rent the agricultural enterprise or rural development project for any use.

(44) Expend money, as the authority considers appropriate, from the agricultural loan and rural development project guarantee fund created by IC 15-7-5-19.5.

(45) Reimburse from bond proceeds expenditures for industrial development projects under this chapter.

(46) Do any act necessary or convenient to the exercise of the powers granted by this chapter, IC 4-4-21, or IC 15-7-5, or reasonably implied from those statutes, including but not limited to compliance with requirements of federal law imposed from time to time for the issuance of bonds.

(b) The authority's powers under this chapter shall be interpreted broadly to effectuate the purposes of this chapter and may not be construed as a limitation of powers.

(c) This chapter does not authorize the financing of industrial development projects for a developer unless any written agreement that may exist between the developer and the user at the time of the bond resolution is fully disclosed to and approved by the authority.

SECTION 4. IC 4-4-11-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) The authority may enter into negotiations with one (1) or more persons concerning the terms and conditions of financing agreements for industrial development projects. The authority shall consider whether a proposed industrial development project may have an adverse competitive effect on similar industrial development projects already constructed or operating in the local governmental unit where the industrial development project will be located. Preliminary expenses in connection with negotiations under this section may be paid from:

- (1) money furnished by the proposed user or developer;
- (2) money made available by the state or federal government, or by any of their departments or agencies; or
- (3) money of the authority, exclusive of the industrial development project guaranty fund.

(b) The authority shall prepare a report that:



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- (1) briefly describes the proposed industrial development project;
- (2) estimates the number and expense of public works or services that would be made necessary or desirable by the proposed industrial development project, including public ways, schools, water, sewers, street lights, and fire protection;
- (3) estimates the total costs of the proposed industrial development project;
- (4) for an industrial development project that is not exclusively either a pollution control facility or an educational facility project, estimates the number of jobs and the payroll to be created or saved by the project;
- (5) for pollution control facilities, describes the facilities and how they will abate, reduce, or prevent pollution; and
- (6) for educational facility projects, describes ~~the facilities and~~ how the ~~facilities promote~~ **project promotes** the educational enrichment (including cultural, intellectual, scientific, or artistic opportunities) of the people of the state.

The report shall be submitted to the executive director or chairman of the plan commission, if any, having jurisdiction over the industrial development project and, if the number of new jobs estimated exceeds one hundred (100), to the superintendent of the school corporation where the industrial development project will be located. The executive director or chairman of the plan commission and the school superintendent may formulate their written comments concerning the report and transmit their comments, if any, to the authority within five (5) days from the receipt of the report.

(c) The authority shall hold a public hearing, which may be conducted by the authority, or any officer, member, or agent designated thereby, on the proposed financing agreement for the industrial development project, after giving notice by publication in one (1) newspaper of general circulation in the city, town, or county where the industrial development project is to be located at least ten (10) days in advance of this public hearing.

(d) If the authority finds that the industrial development project will be of benefit to the health, safety, morals, and general welfare of the area where the industrial development project is to be located, and complies with the purposes and provisions of this chapter, it may by resolution approve the proposed financing agreement. This resolution may also authorize the issuance of bonds payable solely from revenues and receipts derived from the financing agreement or from payments made under an agreement to guarantee obligations of the developer, a user, a related person, or the authority by a developer, a user, a related



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person thereto, or the authority pursuant to the industrial development project guaranty fund. The bonds are not in any respect a general obligation of the state, nor are they payable in any manner from revenues raised by taxation.

(e) A financing agreement approved under this section must provide for payments in an amount sufficient to pay the principal of, premium, if any, and interest on the bonds authorized for the financing of the industrial development project. However, interest payments for the anticipated construction period, plus a period of not more than one (1) year, may be funded in the bond issue. The term of a financing agreement may not exceed fifty (50) years from the date of any bonds issued under the financing agreement. However, a financing agreement does not terminate after fifty (50) years if a default under that financing agreement remains uncured, unless the termination is authorized by the terms of the financing agreement. If the authority retains an interest in the industrial development project, the financing agreement must require the user or the developer to pay all costs of maintenance, repair, taxes, assessments, insurance premiums, trustee's fees, and any other expenses relating to the industrial development projects, so that the authority will not incur any expenses on account of the industrial development projects other than those that are covered by the payments provided for in the financing agreement."

Page 26, line 36, delete "and one-half".

Page 26, line 36, delete "(6.5%);" and insert "(6%);".

Page 27, line 6, delete "and one-half".

Page 27, line 6, delete "(6.5%)" and insert "(6%)".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1554 as introduced.)

BAUER, Chair

Committee Vote: yeas 21, nays 0.

EH 1554—LS 8112/DI 44+



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HOUSE MOTION

Mr. Speaker: I move that House Bill 1554 be amended to read as follows:

Page 2, line 8, after "including" delete "a".

Page 2, line 10, after "property" insert "**and improvements**".

Page 2, delete lines 11 through 16, begin a new line double block indented and insert:

"(B) personal property; or

(C) non-capital costs to fund a judgment, settlement, or other cost or liability, other than an ordinary and recurring operating cost or expenditure."

Page 3, line 21, after "expanded" insert ",."

Page 3, line 22, after "projects" insert "**or through assisting educational facility projects**".

Page 4, line 32, after "promotion", strike "and" and insert ",."

Page 4, line 32, after "development" insert ", **and assistance**".

Page 8, line 14, after "(B)", delete "working capital" and insert "**eligible**".

Page 37, line 35, delete "2004" and insert "**2002**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1554 as printed February 26, 1999.)

BAUER

HOUSE MOTION

Mr. Speaker: I move that House Bill 1554 be amended to read as follows:

Page 37, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 19. IC 6-1.1-39-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 10. (a) Notwithstanding any other provision, an allocation provision established under this chapter before July 1, 1999, expires not later than the latest date that an obligation that is outstanding on July 1, 1999, and that is payable from allocated taxes is scheduled to be retired.**

(b) An allocation provision established or amended under this chapter after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established.

SECTION 20. IC 8-22-3.5-9 IS AMENDED TO READ AS

EH 1554—LS 8112/DI 44+



FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 9. (a) As used in this section, "base assessed value" means:

- (1) the net assessed value of all the tangible property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the commission's resolution adopted under section 5 of this chapter; plus
- (2) to the extent it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

However, subdivision (2) applies only to an airport development zone established after June 30, 1997, and the portion of an airport development zone established before June 30, 1997, that is added to an existing airport development zone.

(b) Except in a county described in section 1(5) of this chapter, a resolution adopted under section 5 of this chapter and confirmed under section 6 of this chapter must include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section.

(c) The allocation provision must:

- (1) apply to the entire airport development zone; and
- (2) require that any property tax on taxable tangible property subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes in the airport development zone be allocated and distributed as provided in subsections (d) and (e).

(d) Except in a county described in section 1(5) of this chapter, and as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

- (1) the assessed value of the tangible property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value;

shall be allocated and, when collected, paid into the funds of the respective taxing units.

(e) Except in a county described in section 1(5) of this chapter, all of the property tax proceeds in excess of those described in subsection (d) shall be allocated to the eligible entity for the airport development zone and, when collected, paid into special funds as follows:

- (1) The commission may determine that a portion of tax proceeds shall be allocated to a training grant fund to be expended by the

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commission without appropriation solely for the purpose of reimbursing training expenses incurred by public or private entities in the training of employees for the qualified airport development project.

(2) Except as provided in subsection (f), all remaining tax proceeds shall be allocated to a debt service fund and dedicated to the payment of principal and interest on revenue bonds of the airport authority for a qualified airport development project or to the payment of leases for a qualified airport development project.

(f) Except in a county described in section 1(5) of this chapter, if the tax proceeds allocated to the debt service fund exceed the amount necessary to:

- (1) pay principal and interest on airport authority revenue bonds;
- (2) pay lease rentals on leases of a qualified airport development project; or
- (3) create, maintain, or restore a reserve for airport authority revenue bonds or for lease rentals or leases of a qualified airport development project;

the excess over that amount shall be paid to the respective taxing units in the manner prescribed by subsection (d).

(g) Except in a county described in section 1(5) of this chapter, when money in the debt service fund is sufficient to pay all outstanding principal and interest (to the earliest date on which the obligations can be redeemed) on revenue bonds issued by the airport authority for the financing of qualified airport development projects and all lease rentals payable on leases of qualified airport development projects, money in the debt service fund in excess of that amount shall be paid to the respective taxing units in the manner prescribed by subsection (d).

(h) Except in a county described in section 1(5) of this chapter, property tax proceeds allocable to the debt service fund under subsection (e)(2) must, subject to subsection (g), be irrevocably pledged by the eligible entity for the purpose set forth in subsection (e)(2).

(i) Except in a county described in section 1(5) of this chapter, and notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable tangible property situated upon or in, or added to, the airport development zone effective on the next assessment date after the petition.

(j) Except in a county described in section 1(5) of this chapter, and notwithstanding any other law, the assessed value of all taxable tangible property in the airport development zone, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax

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rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the tangible property as valued without regard to this section; or
- (2) the base assessed value.

(k) Notwithstanding any other provision, an allocation provision in a resolution adopted under this chapter before July 1, 1999, expires not later than the latest date that an obligation that is outstanding on July 1, 1999, and that is payable from allocated taxes is scheduled to be retired. An allocation provision in a resolution adopted under this chapter after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the resolution is adopted.

SECTION 21. IC 36-7-14-39 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

- (1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

- (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

- (B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

- (2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

- (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

- (B) to the extent that it is not included in clause (A), the net

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assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded portion of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded portion of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter

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before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, **and before July 1, 1999**, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date, ~~and~~ that are payable only from allocated tax proceeds with respect to the allocation area, **and that were outstanding on July 1, 1999**, remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. **Notwithstanding any other provision, an allocation provision established before July 1, 1999, expires not later than the latest date that a bond or obligation outstanding on July 1, 1999, and payable from allocated taxes is scheduled to be retired. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established.** The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:



(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements in or serving that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) in or serving that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in or serving that allocation area under any lease entered into under IC 36-1-10.

(I) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of twenty percent (20%) of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

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(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the commission.

(3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in

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the manner prescribed in subdivision (1). The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such

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current property tax proceeds from the portion of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and state board of tax commissioners shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the state board of tax commissioners shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The state board of tax commissioners may prescribe procedures for county and township officials to follow to assist the state board in making the adjustments.

SECTION 22. IC 36-7-14.5-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 12.5. (a) This section applies only to an authority in a county having a United States government military base that is scheduled for closing or is completely or partially inactive or closed.

(b) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may create an economic development area:

(1) by following the procedures set forth in IC 36-7-14-41 for the establishment of an economic development area by a

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redevelopment commission; and

(2) with the same effect as if the economic development area was created by a redevelopment commission.

However, an authority may not include in an economic development area created under this section any area that was declared a blighted area, an urban renewal area, or an economic development area under IC 36-7-14.

(c) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may do the following in a manner that serves an economic development area created under this section:

(1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of economic development areas located within the corporate boundaries of the unit.

(2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, or otherwise dispose of property acquired for use in the redevelopment of economic development areas on the terms and conditions that the authority considers best for the unit and the unit's inhabitants.

(3) Sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the unit or to any other governmental agency for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes on any terms that may be agreed on.

(4) Clear real property acquired for redevelopment purposes.

(5) Repair and maintain structures acquired for redevelopment purposes.

(6) Remodel, rebuild, enlarge, or make major structural improvements on structures acquired for redevelopment purposes.

(7) Survey or examine any land to determine whether the land should be included within an economic development area to be acquired for redevelopment purposes and to determine the value of that land.

(8) Appear before any other department or agency of the unit, or before any other governmental agency in respect to any matter affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any economic development area within the jurisdiction of the authority.

(9) Institute or defend in the name of the unit any civil action, but

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all actions against the authority must be brought in the circuit or superior court of the county where the authority is located.

(10) Use any legal or equitable remedy that is necessary or considered proper to protect and enforce the rights of and perform the duties of the authority.

(11) Exercise the power of eminent domain in the name of and within the corporate boundaries of the unit subject to the same conditions and procedures that apply to the exercise of the power of eminent domain by a redevelopment commission under IC 36-7-14.

(12) Appoint an executive director, appraisers, real estate experts, engineers, architects, surveyors, and attorneys.

(13) Appoint clerks, guards, laborers, and other employees the authority considers advisable, except that those appointments must be made in accordance with the merit system of the unit if such a system exists.

(14) Prescribe the duties and regulate the compensation of employees of the authority.

(15) Provide a pension and retirement system for employees of the authority by using the public employees' retirement fund or a retirement plan approved by the United States Department of Housing and Urban Development.

(16) Discharge and appoint successors to employees of the authority subject to subdivision (13).

(17) Rent offices for use of the department or authority, or accept the use of offices furnished by the unit.

(18) Equip the offices of the authority with the necessary furniture, furnishings, equipment, records, and supplies.

(19) Design, order, contract for, and construct, reconstruct, improve, or renovate the following:

(A) Any local public improvement or structure that is necessary for redevelopment purposes or economic development within the corporate boundaries of the unit.

(B) Any structure that enhances development or economic development.

(20) Contract for the construction, extension, or improvement of pedestrian skyways (as defined in IC 36-7-14-12.2(c)).

(21) Accept loans, grants, and other forms of financial assistance from, or contract with, the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.

(22) Make and enter into all contracts and agreements necessary

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or incidental to the performance of the duties of the authority and the execution of the powers of the authority under this chapter.

(23) Take any action necessary to implement the purpose of the authority.

(24) Provide financial assistance, in the manner that best serves the purposes set forth in section 11(b) of this chapter, including grants and loans, to enable private enterprise to develop, redevelop, and reuse military base property or otherwise enable private enterprise to provide social and economic benefits to the citizens of the unit.

(d) An authority may designate all or a portion of an economic development area created under this section as an allocation area by following the procedures set forth in IC 36-7-14-39 for the establishment of an allocation area by a redevelopment commission. The allocation provision may modify the definition of "property taxes" under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the depreciable personal property located and taxable on the site of operations of designated taxpayers in accordance with the procedures applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3 applies to such a modification. An allocation area established by an authority under this section is a special taxing district authorized by the general assembly to enable the unit to provide special benefits to taxpayers in the allocation area by promoting economic development that is of public use and benefit. For allocation areas established for an economic development area created under this section after June 30, 1997, and to the expanded portion of an allocation area for an economic development area that was established before June 30, 1997, and that is expanded under this section after June 30, 1997, the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date, must be allocated. All of the provisions of IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5 apply to an allocation area created under this section, except that the authority shall be vested with the rights and duties of a commission as referenced in those sections, and except that, notwithstanding IC 36-7-14-39(b)(2), property tax proceeds paid into the allocation fund may be used by the authority only to do one (1) or more of the following:

(1) Pay the principal of and interest and redemption premium on any obligations incurred by the special taxing district or any other entity for the purpose of financing or refinancing military base reuse activities in or serving or benefitting that allocation area.

(2) Establish, augment, or restore the debt service reserve for

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obligations payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the authority (including lease rental revenues).

(3) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(4) Reimburse any other governmental body for expenditures made by it for local public improvements or structures in or serving or benefitting that allocation area.

(5) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the twenty percent (20%) of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under IC 36-7-14-39.5 in the same year.

(6) Pay expenses incurred by the authority for local public improvements or structures that are in the allocation area or serving or benefitting the allocation area.

(7) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (A) in the allocation area; and
- (B) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any

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year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in clause (B). The reimbursements under this subdivision must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made. The allocation fund may not be used for operating expenses of the authority.

(e) In addition to other methods of raising money for property acquisition, redevelopment, or economic development activities in or directly serving or benefitting an economic development area created by an authority under this section, and in anticipation of the taxes allocated under subsection (d), other revenues of the authority, or any combination of these sources, the authority may, by resolution, issue the bonds of the special taxing district in the name of the unit. Bonds issued under this section may be issued in any amount without limitation. The following apply if such a resolution is adopted:

- (1) The authority shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.
- (2) The bonds must be executed by the appropriate officer of the unit and attested by the unit's fiscal officer.
- (3) The bonds are exempt from taxation for all purposes.
- (4) Bonds issued under this section may be sold at public sale in accordance with IC 5-1-11 or at a negotiated sale.
- (5) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the authority:
 - (A) from the tax proceeds allocated under subsection (d);
 - (B) from other revenues available to the authority; or
 - (C) from a combination of the methods stated in clauses (A) and (B).
- (6) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issuance.
- (7) Laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers to remonstrate against the issuance of bonds do not apply to bonds issued under this section.
- (8) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and interest on the bonds as provided in the bond resolution.
- (9) If bonds are issued under this chapter that are payable solely



or in part from revenues to the authority from a project or projects, the authority may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority. The authority may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the authority that are payable solely from revenues of the authority shall contain a statement to that effect in the form of bond.

(f) Notwithstanding section 8(a) of this chapter, an ordinance adopted under section 11(b) of this chapter may provide, or be amended to provide, that the board of directors of the authority shall be composed of not fewer than three (3) nor more than seven (7) members, who must be residents of the unit appointed by the executive of the unit.

(g) The acquisition of real and personal property by an authority under this section is not subject to the provisions of IC 5-22, IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the purchase of property by public bodies or their agencies.

(h) An authority may negotiate for the sale, lease, or other disposition of real and personal property without complying with the provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other statute governing the disposition of public property.

(i) Notwithstanding any other law, utility services provided within an economic development area established under this section are subject to regulation by the appropriate regulatory agencies unless the utility service is provided by a utility that provides utility service solely within the geographic boundaries of an existing or a closed military installation, in which case the utility service is not subject to regulation for purposes of rate making, regulation, service delivery, or issuance of bonds or other forms of indebtedness. However, this exemption from regulation does not apply to utility service if the service is generated, treated, or produced outside the boundaries of the existing or closed military installation.

(j) Notwithstanding any other provision, an allocation provision in a resolution adopted under this chapter before July 1, 1999,



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expires not later than the latest date that an obligation that is outstanding on July 1, 1999, and that is payable from allocated taxes is scheduled to be retired. An allocation provision in a resolution adopted under this chapter after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the resolution is adopted.

SECTION 23. IC 36-7-15.1-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory

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resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded portion of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded portion of the area added after June 30, 1997.

Except as provided in section 26.2 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, **and before**

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July 1, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date, ~~and~~ that are payable only from allocated tax proceeds with respect to the allocation area, **and that were outstanding on July 1, 1999**, remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. **Notwithstanding any other provision, an allocation provision established before July 1, 1999, expires not later than the latest date that a bond or other obligation outstanding on July 1, 1999, and payable from allocated taxes is scheduled to be retired. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established.** The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.



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(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements in that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

- (A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocated area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes



described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the

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year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and state board of tax commissioners shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the state board of tax commissioners shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The state board of tax commissioners may prescribe procedures for county and township officials to follow to assist the state board in making the adjustments.



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SECTION 24. IC 36-7-30-34 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 34. (a) Notwithstanding any other provision, an allocation provision in a resolution adopted under this chapter before July 1, 1999, expires not later than the latest date that an obligation that is outstanding on July 1, 1999, and that is payable from allocated taxes is scheduled to be retired.**

(b) An allocation provision in a resolution adopted under this chapter after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the resolution is adopted."

Renumber all SECTIONS consecutively.

(Reference is to HB 1554 as printed February 26, 1999.)

BAUER

HOUSE MOTION

Mr. Speaker: I move that House Bill 1554 be amended to read as follows:

Page 37, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 19. IC 6-3.5-7-23 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 23. (a) This section applies in a county having a population of more than eighty-five thousand (85,000) but less than eighty-eight thousand (88,000).**

(b) As used in this section, "council" means the town council of a town having a population of more than nineteen thousand (19,000) but less than twenty thousand (20,000) in a county described in subsection (a).

(c) An employer may receive a grant for retaining employees at its location in the county if:

- (1) the county adopts the tax imposed under this chapter; and**
- (2) the employer is awarded a grant by the council under this section.**

(d) A grant awarded under this section is payable from the revenues of a tax imposed under this chapter that are received by the town. The council shall determine the terms, conditions, and the amount of the grant in the manner that the economic development for a growing economy board calculates tax credits under IC 6-3.1-13. The department of state revenue shall cooperate



with the council and provide the information necessary to determine the amount of the grant under this section.

(e) To receive a grant under this chapter for retaining employees an employer must meet the following conditions:

- (1) The employer has had a location in the county for more than sixty-five (65) years.
- (2) The employer has more than four hundred fifty (450) employees at the location in the county.
- (3) The average wage for an hourly employee is at least twenty dollars (\$20) per hour.
- (4) The employer must commit to retain the same number of employees for at least ten (10) years or reimburse the county for the total amount of grants received if the employer does not comply with this commitment.

(f) After receipt of an application, the council may enter into an agreement with the applicant for a grant under this section if the council determines that all of the following conditions exist:

- (1) The applicant satisfies the conditions set forth in subsection (e).
- (2) The applicant is economically sound and will benefit the people of Indiana by retaining opportunities for employment and strengthening the economy of Indiana.
- (3) There is at least one (1) other state or country that the applicant verifies is being considered to take over the production by the employer.
- (4) A significant disparity is identified, using best available data, in the costs of production for the applicant compared with the costs of production in the competing state or country, including the impact of the competing state's or country's incentive programs.
- (5) The political subdivisions affected by the applicant have committed significant local incentives with respect to the applicant.
- (6) Receiving the grant is a major factor in the applicant's decision to retain employees in the county and not receiving the grant will result in the applicant not retaining jobs in Indiana.
- (7) Awarding the grant will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

(g) The council shall determine the number of retained employees to be used in calculating the incremental income tax



withholdings that will be used in determining the grant under this section.

(h) The executive of a town described in subsection (b) may include grants allowed under this section in the town's capital improvement plan required under section 15 of this chapter."

Renumber all SECTIONS consecutively.

(Reference is to HB 1554 as printed February 26, 1999.)

BOTTORFF

HOUSE MOTION

Mr. Speaker: I move that House Bill 1554 be amended to read as follows:

Page 13, line 12, after "the" insert "**city-county council. The legislative body may consider the recommendation of the**".

Page 13, run in lines 12 and 13.

Page 14, line 19, strike "In" and insert "**Except as provided in subsection (m), in**"

Page 18, between lines 3 and 4, begin a new paragraph and insert:

"(m) In a township having a population of more than one hundred seventy-five thousand (175,000) located in a county that contains a consolidated city, the total property tax deductions for an area designated as residentially distressed may not exceed thirty-three and thirty-three hundredths percent (33.33%) of the assessed valuation of the residential property within the township."

Page 25, between lines 8 and 9, begin a new paragraph and insert:

"SECTION 10. IC 6-1.1-12.1-4.1 (CURRENT VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]: IC 6-1.1-12.1-4.1 Sec. 4.1. (a) Section 4 of this chapter applies to economic revitalization areas that are not residentially distressed areas.

(b) This subsection applies to economic revitalization areas that are residentially distressed areas. Subject to section 2(m) of this chapter, the amount of the deduction that a property owner is entitled to receive under section 3 of this chapter for a particular year equals the lesser of:

- (1) the assessed value of the improvement to the property after the rehabilitation or redevelopment has occurred; or**
- (2) the following amount:**



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TYPE OF DWELLING	AMOUNT
One (1) family dwelling	\$12,000
Two (2) family dwelling	\$17,000
Three (3) unit multifamily dwelling	\$25,000
Four (4) unit multifamily dwelling	\$32,000

SECTION 11. IC 6-1.1-12.1-4.1 (DELAYED VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 4.1. (a) Section 4 of this chapter applies to economic revitalization areas that are not residentially distressed areas.

(b) This subsection applies to economic revitalization areas that are residentially distressed areas. **Subject to section 2(m) of this chapter**, the amount of the deduction that a property owner is entitled to receive under section 3 of this chapter for a particular year equals the lesser of:

- (1) the assessed value of the improvement to the property after the rehabilitation or redevelopment has occurred; or
- (2) the following amount:

TYPE OF DWELLING	AMOUNT
One (1) family dwelling	\$36,000
Two (2) family dwelling	\$51,000
Three (3) unit multifamily dwelling	\$75,000
Four (4) unit multifamily dwelling	\$96,000."

Renumber all SECTIONS consecutively.

(Reference is to HB 1554 as printed February 26, 1999.)

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred House Bill No. 1554, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 7, delete "." and insert "; **or**".
 Page 2, line 12, delete "non-capital" and insert "**noncapital**".
 Page 2, line 17, delete "tax-exempt" and insert "**tax exempt**".
 Page 4, line 31, delete "and," and insert ", **and**".
 Page 8, line 13, delete "elgible" and insert "**eligible**".
 Page 13, delete line 12.
 Page 13, line 13, delete "recommendation of the".
 Page 14, line 1, after "in" delete "a".
 Page 14, line 1, delete "facility that is a".
 Page 14, line 2, delete "separate facility engaged in".
 Page 14, line 20, reset in roman "In".
 Page 14, line 20, delete "Except as provided in subsection (m), in".
 Page 18, delete lines 6 through 11.
 Page 25, line 19, delete "IC 6-1.1-12.1-4.1".
 Page 25, delete lines 36 through 42.
 Page 26, delete lines 1 through 11.
 Page 38, delete lines 38 through 42.
 Delete pages 39 through 61.
 Page 62, delete line 1.
 Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1554 as reprinted March 5, 1999.)

BORST, Chairperson

Committee Vote: Yeas 15, Nays 0.

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SENATE MOTION

Mr. President: I move that Engrossed House Bill 1554 be amended to read as follows:

Page 25, delete lines 7 through 25.

Renumber all SECTIONS consecutively.

(Reference is to EHB 1554 as printed March 26, 1999.)

BORST

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